



Daily Report

East Asia

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Japan

JAL, NCA To Resubmit Opinion on Aviation Row

OW1407145095 Tokyo KYODO in English

1435 GMT 14 Jul 95

[FBIS Transcribed Text] Tokyo, July 14 KYODO — Japan Airlines (JAL) and Nippon Cargo Airlines [NCA] are again presenting to the U.S. Transportation Department their written opinions opposing a U.S. threat to impose sanctions against Japanese freight flights, the two airlines said Friday [14 July].

The documents are aimed at countering those submitted by Federal Express Corp. [FedEx] and United Airlines, both of the United States.

Nippon Cargo maintains that the U.S. Department should not "swallow" FedEx's demand for Asian destinations beyond Japan but deal with it at intergovernmental talks.

The Japanese cargo airline also says FedEx insists that the air cargo market is dominated by Japanese businesses while being aware that the 1952 aviation pact between the two countries is lopsided in favor of the United States.

JAL maintains that FedEx's operational plans which it says are aimed primarily at transportation beyond Japan runs counter to the bilateral aviation treaty.

JAL will also uphold measures the Japanese Government would take against the U.S. if Washington enforces sanctions against Japanese airlines, and would seek the cancellation of the pact, the major Japanese airline says.

The U.S. is demanding that Japan permit FedEx and two other U.S. airlines to add a route through Japan to the Philippines which Washington says is a "beyond right" granted in the 1952 pact.

Japan insists on a revision of the treaty before allowing any new flights.

Washington last month announced plans for sanctions to retaliate against Tokyo for denying Asian cargo flights.

Tokyo To Take 'Countermeasures' If Sanctioned

OW1507012395 Tokyo KYODO in English

0047 GMT 15 Jul 95

[FBIS Transcribed Text] Tokyo, July 15 KYODO — Japan and the United States began the third day of the air-cargo talks Saturday [15 July], which were originally scheduled over two days but have been extended as there is still a large gap between the two sides.

The vice-ministerial talks, which began Thursday in Tokyo, have covered the U.S. request for immediate

approval of routes for Federal Express Corp. to its new Asian hub in the Philippines via airports in Japan.

The Japanese side apparently believes it is difficult to reach an accord with the U.S. in spite of two days of sessions and plans to propose that they have further ministerial talks if no agreement is reached this time.

Meanwhile, the U.S. Transportation Department has ended the procedure of taking public comments for its proposed air-cargo sanctions against Japan and it may officially announce punitive measures as early as next week.

However, Shizuka Kamei, Japan's transport minister, has said, "(if the U.S. announces a sanctions step,) Japan would also take countermeasures against the U.S."

If the U.S. accepts Japan's proposal to hold ministerial talks, the two nations will continue to search for a compromise by the end of July by threatening each other with sanctions, Japanese Government sources said. [sentence as received]

Tokyo Proposes Higher Level Aviation Talks

OW1507050195 Tokyo KYODO in English

0444 GMT 15 Jul 95

[FBIS Transcribed Text] Tokyo, July 15 KYODO — The vice-ministerial talks between Japan and the United States on air-cargo issues ended Saturday [15 July] morning without an accord being reached, Japanese Government sources said.

The two sides held the third day of talks, which began Thursday in Tokyo, covering the U.S. request for immediate approval of routes for Federal Express Corp. to its new Asian destination via airports in Japan.

At Saturday's meeting, the Japanese side proposed having higher ministerial talks and the U.S. replied they will consider this.

Masahide Ochi, the chief Japanese negotiator, said at a press conference, "We have already had three vice minister-level talks with the U.S. It would be appropriate that we should have higher level discussions."

As for the timing of ministerial talks, Ochi said Japan hopes to hold them sometime "before the July 23 election of the House of Councillors somewhere between Tokyo and Washington, like in Hawaii or on the west coast (of the U.S.)"

An official of the U.S. Embassy said Washington has yet to decide whether, when and where the aviation talks will be resumed, and at what level the talks will be held.

She said, "We have to check with Washington."

If the U.S. accepts the proposal, Japan's Transport Minister Shizuka Kamei and U.S. Secretary of Transportation Federico Pena are expected to have a top-level meeting after another vice ministerial negotiation in July, Japanese officials said.

The U.S. Transportation Department ended Friday the procedure of taking public opinions for its proposed air-cargo sanctions against Japan and it may officially announce punitive measures against Japan at the beginning of next week.

In the case that the U.S. does announce sanctions, however, Japan has pledged to take countermeasures against the U.S.

Asked on the prospects of an agreement, Ochi, senior general counsel at the Transport Ministry, said he has no optimistic feelings.

Daniel Tarullo, assistant secretary of state, said, "I came to Tokyo to have productive discussions and we did." He left Japan on Saturday afternoon.

In the three-day meeting, the U.S. called for Japan to approve the seven new routes via Japanese airports, saying Japan must honor the request because it falls under "beyond rights" that Federal Express and two other U.S. carriers already hold under the 1952 Japan-U.S. Aviation Treaty.

Japan has rejected such a request and called for the U.S. to allow more new air cargo routes from Japan to the U.S.

Each side has called the other's demands excessive.

Article Discusses Air Cargo Talks With U.S.

OW1607124595 Tokyo NIHON KEIZAI SHIMBUN in Japanese 15 Jul 95 Morning Edition p 3

[FBIS Translated Text] At the latest aviation talks in which Japan and the United States confronted each other over the issue of opening new air cargo routes, Japanese negotiators proposed on 15 July that Japan and the United States hold ministerial aviation talks at an early date. Hence, both sides are expected to seek a political settlement to the talks prior to the upper house elections. At the aviation talks, meanwhile, U.S. negotiators made a new demand in addition to the Federal Express Company demand for new air cargo routes and the coordination of interests among U.S. carriers is surfacing as a new issue after U.S. negotiators made the additional demand. Both Japanese and U.S. Governments are likely to look for a way to quickly strike a deal while removing areas of disagreement by simultaneously holding the working-level and ministerial-level aviation talks.

The U.S. Government is likely to notify the Japanese Government early next week of a schedule for ministerial talks to be held between Transport Minister Shizuka Kamei and U.S. Transportation Secretary Federico Pena. The U.S. Government, which has already completed hearings on its plans to impose sanctions against Japan, can slap the sanctions at any time.

At the latest aviation talks, Japanese negotiators proposed holding the ministerial aviation talks at an early date because of "Japan's desire to break the deadlock in the talks by holding the ministerial talks before new political circumstance begin to move following the upper house elections" (says a senior Transport Ministry official). Transport Ministry adviser Masahide Ochi says as a venue for the ministerial talks, the Transport Ministry has proposed "Hawaii, a west coast city of the United States, or a city midway between the capitals of Japan and the United States" with the aim of holding the ministerial talks free of pressure from public opinions and aviation industries of both countries.

The additional U.S. demand has increased the complexity of coordinating interests among U.S. airlines. Many U.S. airlines are taking the latest aviation friction between Japan and the United States as an "issue caused by Federal Express" and Northwest Airlines has raised its objection to any sanctions against Japan. At the aviation talks, U.S. negotiators made the additional demand that Japan grant cargo flight rights to United Parcel Service [UPS] and other U.S. cargo carriers that are restricted in transporting air cargo via Japan to other destinations. If Japan and the United States go into details of an agreement, the United States is expected to coordinate opinions with Federal Express, which wants to keep its established rights intact and avoid facing a fierce competition and other U.S. cargo carriers.

As for Japan's proposal for holding the ministerial talks, U.S. negotiators have limited themselves to saying: "We will take the proposal back to Washington for consideration." A major Japanese airline takes the view that "UPS has political power with a work force of more than 200,000 and the confrontational relationship between UPS and Federal Express will appear in the U.S. stance in the aviation talks."

Source of U.S. Auto Fact Sheet Discussed

OW1607135395 Tokyo MAINICHI SHIMBUN in Japanese 14 Jul 95 Morning Edition p 1

[FBIS Translated Text] Several "expected numbers" on the procurement of U.S.-made parts announced by U.S. officials following the resolution of the Japan-U.S. auto dispute late last month had actually been calculated from data provided by Japan behind the scenes, officials

concerned have revealed. The Japanese Government has so far insisted that the numbers "were calculated by the U.S. Government arbitrarily, and the Japanese Government was not involved." However, it has become apparent that Japanese officials had been involved in preparing the "expected numbers," which reveals how the dispute was resolved and how the deal lacked clarity.

While the Japan-U.S. talks were underway, Japan's five major automakers, including Toyota Motor Corporation and Nissan Motor Company, announced their internationalization plans showing plans to expand overseas production and purchase of foreign-made parts, which played a major role in helping the talks come to an agreement. However, at the time, these plans did not contain specific numbers on the purchase of parts, and, as such, it has remained a puzzle how the United States arrived at the "expected numbers."

According to the officials concerned, the five automakers separately explained details of their internationalization plans to the Ministry of International Trade and Industry [MITI] around the time when vice ministerial-level talks were held in Geneva on 21 June. The automakers showed the ministry their in-company estimates on local production of vehicles as well as the amount and ratio of locally procured parts per vehicle. Then a senior MITI official met in strict secrecy with U.S. Trade Representative Mickey Kantor, who was in Geneva to attend ministerial talks, with this data, and explained to him the automakers' internationalization plans, including their estimates.

Consequently, the U.S. Government made calculations using this data and announced the "expected numbers" predicting "a \$6.75 billion increase in procurement of North American-made parts by 1998." Meanwhile, Japan had the statement "it has not been involved in making the estimates and is not responsible for them" included in the joint statement. Thus the talks were concluded with two differing views in the statement.

Ambassador Kantor strongly demanded the presentation of the data as a step toward the agreement. Kantor also needed this in his home country to make big publicity of the result of the talks. In other words, the hints to be used in calculating the "expected numbers" were provided in an unusual and informal contact of a working-level MITI official with Ambassador Kantor, while a top MITI official insisted on the official stand that "they are U.S.-made arbitrary estimates."

Apparently, that was the last alternative for the Japanese Government to come to an agreement.

Asked to comment on the matter, the MITI (Machinery and Information Industries Bureau) refused to admit

it, saying: "The United States persistently demanded information on amounts of parts to be purchased under the companies' internationalization plans, but we did not respond to it. We do not know how the United States came up with those monetary-number estimates."

Agreement in Principle on U.S. Bases

*OW1507082195 Tokyo KYODO in English
0815 GMT 15 Jul 95*

[FBIS Transcribed Text] Tokyo, July 15 KYODO — Japan has agreed in principle to continue to shoulder basic salaries, allowances and utilities costs for Japanese civilian employees at U.S. military bases in the country after the present agreement expires next March, government sources said Saturday [15 July].

The agreement could be signed at a meeting of Japanese and U.S. defense and foreign ministers slated for September, the sources said.

The United States originally demanded that a new bilateral agreement be worked out to define Japan's share in U.S. defense outlays in Japan, which would have also included repair costs for military vessels.

But after Japan argued that additional costs for U.S. troops in Japan were difficult to shoulder amid efforts to contain the growth of the defense budget, both sides agreed to continue the bases agreement in its present form, the sources said.

In the current fiscal year, which runs through March 1996, Japan will pay a total of 147.7 billion yen in connection with the bases agreement, and the fiscal burden is not expected to become lighter in fiscal 1996 despite budget constraints.

A Foreign Ministry source said, "We've managed to reach a new agreement, but it is also foreseeable that we might not be able to provide the full budget."

Prime Minister Tomiichi Murayama's Social Democratic Party [of Japan] has vowed to restrain next year's defense budget growth below this year's 0.855 percent.

EU Liquor Tax Issue Puts MOF 'in Distress'

*OW1307114995 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 12 Jul 95 Morning Edition p 5*

[FBIS Translated Text] The Ministry of Finance [MOF] has been in distress over an "alcohol tax issue" — a dispute as to a gap between the tax rates set for foreign spirits like whisky and that for shochu [Japanese low-grade distilled spirits]. Recently, the U.S. and Canadian Governments suddenly "joined" the "liquor tax war," which had originally been a war between Japan and the European Union (EU). The MOF has been faced

with a new attack at home by the Administrative Reform Council [ARC] (headed by Chairman Yotaro Iida), which also urges review of the liquor tax system. The MOF seems to have held an optimistic view that negotiations with the EU may be prolonged. However, under such circumstances, the MOF is likely to be forced to devise strategies all over again.

At talks with the EU, the ministry intends to maintain that "the EU is trying to shift the blame for sluggish sales of UK-made whisky in Japan onto the tax system." Even if the complaint is filed with a dispute settlement panel, and even if the panel issues a recommendation unfavorable to Japan, it will be next spring at the earliest. For that reason, the MOF thought it could shelve the review of the liquor tax rates until the tax reform is conducted in fiscal 1998.

However, due to claims by the United States and Canada, the situation is becoming unfavorable for Japan. Since alcohol imports from the United States and Canada have grown over fivefold in ten years, the MOF will not be able to present the United States and Canada with the same assertion it has presented to the EU. What is more troublesome is that equalization of the alcohol taxes is likely to be incorporated in a list of main deregulatory steps, which the ARC is now preparing.

It is said that a president of a Japanese company which is a member of the ARC Deregulation Subcommittee and affiliated with a European spirit maker has been strongly demanding settlement of the liquor tax issue. Some MOF officials show displeasure, saying, "There seems to be secret maneuvering over this issue." However, it is believed that the United States, the EU, and Canada will surely be encouraged by the ARC's stand.

EU Liquor Tax Talks Scheduled at WTO

*OW1407132095 Tokyo KYODO in English
1137 GMT 14 Jul 95*

[FBIS Transcribed Text] Tokyo, July 14 KYODO — Japan and the European Union (EU) will start negotiations on a long-standing liquor tax dispute at the World Trade Organization (WTO) in Geneva on Thursday [20 July], the Finance Ministry reported Friday.

Ministry officials predicted a rough ride as both sides refuse to budge in their positions.

The talks stem from an EU demand that Japan correct a tax imbalance between whiskey and Japan's domestic "shochu" distilled spirit.

The EU claims that Japan's imposition of high tax rates on imported whiskey and low rates on shochu constitutes a trade barrier.

According to the existing tax scale, the levy on whiskey with 40 percent alcoholic content stands at 982.3 yen per liter against 102.1-155.7 yen for shochu with 25 percent alcoholic content.

Japan will seek to explain its position to the EU by saying that the tax rates on shochu are held low because of growing consumption, the officials said.

The officials said the United States and Canada have shown interest in the dispute and the two countries may be allowed to take part in the negotiations.

They said there is little room for a negotiated settlement and it seems inevitable that the WTO will set up a special panel to deal with the dispute.

If the negotiations break down, the panel will be established within 60 days after the dispute is brought to the world trade body.

Envoy Urges Tokyo To 'Correct' Liquor Tax Gap

*OW1707103795 Tokyo KYODO in English
0929 GMT 17 Jul 95*

[FBIS Transcribed Text] Tokyo, July 17 KYODO — Canadian Ambassador to Japan Donald Campbell said Monday [17 July] Japan has failed to correct its allegedly discriminatory taxation by maintaining higher taxes on imported spirits such as whiskey than on local "shochu" spirits.

Campbell told reporters that Canada, as the third largest exporter of spirits to Japan after Britain and the United States, has every right to demand a correction of the system.

Canada earlier filed a complaint with the World Trade Organization (WTO) that Japan sets nontariff barriers by imposing higher taxes on foreign spirits than on "shochu." The action followed a similar complaint filed by the European Union (EU).

Campbell acknowledged that Japan has reduced the tax gap between imported spirits and "shochu" following 1987 sanctions by the General Agreement on Tariffs and Trade (GATT), the predecessor of the WTO, but added the cut is not sufficient.

The Japanese Finance Ministry contends that the liquor tax system does not constitute a trade barrier, noting customs-cleared imports of Canadian spirits increased 2.1 fold from 1987 to 1994.

Campbell said, however, that Canada could export more spirits to Japan if Japan changes the taxation system.

MOFA Expects G-7 Support for KEDO

OW1607140895 Tokyo SANKEI SHIMBUN
in Japanese 14 Jul 95 Morning Edition p 2

[FBIS Translated Text] According to a Ministry of Foreign Affairs [MOFA] source, Germany has expressed its intention to financially support the Korean Peninsula Energy Development Organization (KEDO) so it can provide light-water reactors to the DPRK (North Korea). KEDO will hold its first general meeting in New York on 1 August, thus going into full-fledged operation. With Germany having announced its support, there are now growing hopes within MOFA that France and Italy, the Group of Seven [G-7] nations that have not yet made a decision, "will come to accept it" as well (to quote a senior MOFA official).

The March KEDO preparatory general meeting was attended by 23 nations and one organization. MOFA says of the nations that attended the meeting, so far only Canada, Australia, New Zealand, Singapore, Britain, Finland, and, more recently, Germany have expressed their intentions to join KEDO or to financially support it — in addition to Japan, the United States, and the ROK.

The G-7 summit (in Halifax) chairman's statement declared: "International community support can be demonstrated inter alia through participation in KEDO." Japan and the United States took part in projects to "support nuclear power plants in Ukraine, including the explosion-afflicted Chernobyl plant" from the perspective of cooperating with European nations. In view of such history, MOFA is increasingly hopeful that France and Italy will eventually decide in favor of giving financial support to KEDO.

However, circumstances for nations are different and complicated. One MOFA official noted "a number of nations say they can participate in the organization, but cannot provide financial support because of their financial conditions." On the other hand, countries like Singapore say they will provide financial support from the viewpoint of keeping cooperative ties in the region but will not join KEDO. Given such a situation, Japan, the United States, and the ROK — the de facto operators of KEDO — want to coordinate matters of participating members and financial burdens at an early date.

On 31 July, KEDO will hold a meeting of its executive board, on which Tetsuya Endo, MOFA's envoy for KEDO issues, is a member; and a secretariat with a staff of about 40 people will start operating, headed by Secretary General Stephen Bosworth (former U.S. assistant secretary of state). KEDO will hold its first general meeting on 1 August with all member nations attending.

Tokyo, Moscow Agree To Cooperate in Technology

OW1607135095 Tokyo MAINICHI SHIMBUN
in Japanese 16 Jul 95 Morning Edition p 3

[By correspondent Toshihiro Oki]

[FBIS Translated Text] Moscow, 14 Jul — The third round of the Japan-Russia Science and Technology Committee meeting was held in Moscow from 11 to 14 July. Both sides agreed on a 70-item cooperation plan in 14 fields that includes agriculture, plasma physics, and the preservation of the environment.

Largely influenced by an earthquake in northern Sakhalin, earthquake experts from the two nations met to discuss ways to cope with earthquakes. Russian experts sounded out their Japanese counterparts about the possibility of the two nations holding a regular experts meeting and exchanging earthquake data and Japan cooperating with Russia in upgrading the current earthquake observation network in Russia's Far East. Japanese experts promised to study the possibility.

The committee was established under the Japan-Soviet Science and Technology Accord concluded between the two countries in 1973. From Japan, Itsusei Nomura, chief of the Foreign Ministry European and Oceanic Affairs Bureau; and experts from the Science and Technology Agency, the Ministry of International Trade and Industry, and the Ministry of Construction attended the meeting. From Russia, Yakobashibiri [name as transliterated], deputy minister of Science and Technology Policy; Strahov [name as transliterated], director of the Geophysics Research Institute; and other Russian experts attended.

Tokyo Urged To Join New Microloan Program

OW1607233795 Tokyo KYODO in English
2318 GMT 16 Jul 95

[By Kohei Murayama]

[FBIS Transcribed Text] Washington, July 16 KYODO — The World Bank urged Japan on Sunday [16 July] to become a donor to the bank's new initiative to support microloans provided to the very poor in developing countries.

"Japan is the largest donor in the world today and this is an important initiative and we believe that Japan should be a part of it," Ismail Serageldin, the bank's vice president, said in an interview with KYODO NEWS SERVICE.

"It is also particularly important because Japan has always maintained a very strong policy of believing in loans for productive purposes and of its interest in poverty reduction," he said.

"And this program therefore seems tailor-made for the kind of interests the Japanese authorities have maintained in the past, and therefore I am hopeful that the Japanese authorities will see their way clear to join (the new initiative) in a big way," Serageldin said.

The multilateral bank announced Sunday it has launched the new initiative [words indistinct] (CGAP), to support institutions providing microloans to impoverished families for starting small-scale income generation projects and businesses.

The bank said in a statement that CGAP's founding meeting was held in late June, during which preliminary pledges of about \$200 million were made in cash and in programs by the bank, the African Development Bank, the Asian Development Bank, Canada, the European Commission, France, the International Fund for Agriculture Development, the Netherlands, the United Nations and the U.S. Agency for International Development.

But many other major world donors are still considering their participation, including Australia, Britain, Denmark, Finland, Germany, the Inter-American Development Bank, Japan, Norway, Spain, Sweden and Switzerland, the bank said.

Serageldin, who was elected chairman of the group, said the program has already started officially, but "I think we will be very much poorer, not just financially, but in the generic sense of having an international initiative, if Japan sits on the sidelines."

"We're very hopeful that between this first meeting and constituting in the next meeting, that the Japanese authorities would have decided to join this," he said.

Noting that Japan has sent observers to all the regular meetings, Serageldin said, "They, to my knowledge, are talking among the different Japanese agencies that are involved in this sort of thing and they will decide their position in due course."

Serageldin said he is expecting "as much as they're willing to give," while explaining that there are "lots of options on how to join."

Donors can bring fresh money or they can bring programming, and if they wish, there is an arrangement, called funding partners, which enables them to put money in a fund that would be administered by the World Bank on their behalf, he said.

Under the new initiative, the bank said in the statement that the CGAP programs would make funds available in grants or loans to participating institutions, such as nongovernmental organizations, credit unions, banks and other institutions involved in microfinancing.

These institutions would then make microloans to the poor who are of working age, according to eligibility criteria established by the CGAP, the bank said.

It said the initial \$200 million will be turned into loans for an estimated one million people annually, whose family members number an estimated five million.

"Because the loans are almost invariably fully repaid in less than a year, the money can be relent, so that over a decade, a total of 10 million people and their 50 million family members could be assisted to move toward better livelihoods," the bank said.

APEC Body Proposes Free Trade, Investment

*OW1707080695 Tokyo MAINICHI SHIMBUN
in Japanese 16 Jul 95 Morning Edition p 9*

[FBIS Translated Text] The Pacific Business Forum (PBF), which makes proposals to the Asia-Pacific Economic Cooperation (APEC) forum from the economic standpoint, held its second meeting for this fiscal year in Tokyo on 14-15 July. In this meeting, the PBF decided to propose the standardization of customs procedures, criteria, and certification; the promotion of travel in APEC countries without visas; and incorporating investment principles, which were adopted last year, into domestic laws of each country within three to five years to promote liberalization of and greater efficiency in trade and investment. The PBF will submit its final report in September to Prime Minister Tomiichi Murayama, who is the chairman of this fiscal year's unofficial summit.

Itochu Corporation President Minoru Murofushi and Omron Corporation Vice Chairman Nobuo Tateishi participated in the forum as representatives of Japan. "The PBF will set up a precise timetable, and ask for abolition of trade and investment barriers," said Murofushi, who was a co-chairman of the PBF meeting, at a news conference after the forum. Also, he stressed that business circles will ask APEC to accelerate the implementation of the Bogor Declaration issued at the Indonesia meeting last year, which stipulates the accomplishment of liberalization by 2020 (by 2010 for industrialized nations).

In its meeting, the PBF confirmed the fundamental principles, such as conformity to the World Trade Organization (WTO). Also, in consideration of the region's diversity, the PBF decided to respect the concept of "flexible consensus," which allows member countries able to take action for liberalization even if some APEC member nations and territories can not keep pace with the others.

MOFA Studies Ties With ASEAN Countries

*OW1607144695 Tokyo SANKEI SHIMBUN
in Japanese 14 Jul 95 Morning Edition p 2*

[FBIS Translated Text] The Ministry of Foreign Affairs [MOFA] will hold a meeting of Japanese ambassadors to the six ASEAN countries in Bali, Indonesia, on 16 July in an effort to rework its Asian diplomacy, taking into consideration the establishment of diplomatic relations between the United States and Vietnam as well as pro-democracy movements in Myanmar [Burma].

In pursuing diplomatic policies toward Asia, Japan has so far kept in mind that the United States and China play an important role in promoting peace and stability in the Asia-Pacific region. Japan has tried to promote stability in the region by having the two countries involved economically in the Asia-Pacific Economic Cooperation (APEC) forum and politically in the ASEAN Regional Forum (ARF). However, some government officials believe that "since Japan was apt to give priority to the two countries, it has failed to implement its policies clearly" (as stated by a MOFA source).

MOFA anticipates that the Southeast Asian region's framework will drastically change in the future following the establishment of U.S.-Vietnamese diplomatic relations and the release of Myanmar's pro-democracy leader Aung San Suu Kyi from house arrest. For example, Vietnam is expected to participate in ASEAN. For this reason, Japan intends to strengthen economic cooperation with Vietnam and Myanmar, positively helping promote stability and development in Southeast Asia.

In this connection, the government decided on 13 July to give gratis aid to Laos, which is expected to reach 550 million yen at the most, in an effort to help the country improve its food situation. On the same day, the Japanese and Laotian Governments exchanged a note in Vientiane to that end. In Laos, agriculture is the major industry, which accounts for more than 60 percent of the country's gross national product. However, the country's agricultural productivity is extremely low due to the delay in mechanization. Therefore, the Japanese Government has decided to give the country funds to purchase fertilizer and agricultural machinery to increase foodstuffs, based on the Laotian Government's Third Five-Year Economic and Social Development Program (1991-95).

The Japanese Government has suspended yen-based loans to Laos since 1976, and has financially supported the country only through gratis aid. However, Prime Minister Tomiichi Murayama told his counterpart Siphandom Khamtai in their June meeting that the Japanese Government intends to positively study the possibility of giving yen-based loans worth approxi-

mately 10 billion yen in cooperation with the Asian Development Bank (ADB) to support the Laotian project of constructing the Namraku [name as transliterated] water-power plant. Taking advantage of resuming yen-based loans to Laos for the first time in 19 years, Japan has spelled out the policy of starting full-fledged strategic assistance to the Indochina region in an effort to promote stability and development in the entire region.

The meeting of Japanese ambassadors to ASEAN nations is designed to discuss how to handle an ARF meeting and an expanded ASEAN meeting of foreign ministers to be held in Brunei in early August. The point at issue is whether or not Japan can spell out its diplomacy toward Asia "with its own policies." Following the ambassadors meeting in Bali, the MOFA is also scheduled to hold a joint meeting in Singapore of deputy chiefs of Japanese diplomatic and consular offices in neighboring countries and representatives from Japanese-affiliated economic organizations to "discuss medium- and long-term issues, including economic matters" (as stated by a MOFA senior official). Asian Affairs Bureau Chief Yutaka Kawashima is scheduled to attend both the Bali and Singapore meetings.

As a MOFA source points out, "it will be more important for Japan and ASEAN to know now they should get along well with China," ASEAN's regional cooperation is mainly designed to counter the threat of China. For this reason, for its part, Japan will be forced to play a "difficult role" in the region (as stated by a MOFA source).

Official: No Full-Fledged Aid to Burma Yet

*OW1407121395 Tokyo KYODO in English
1113 GMT 14 Jul 95*

[FBIS Transcribed Text] Tokyo, July 14 KYODO — Japan will not yet resume full-fledged official loans to Myanmar [Burma] despite the release of pro-democracy leader Aung San Suu Kyi from house arrest, a top Foreign Ministry official said Friday [14 July].

The official, who spoke on condition of anonymity, said Suu Kyi's release was "a big, important step" so that Japan will offer some financial aid to Myanmar "to show how the international community welcomes" the development.

But the release is not enough for Japan to fully resume Official Development Assistance (ODA) to Myanmar, the official said.

For Japan to completely lift its freeze on ODA, Myanmar should hammer out a specific timetable for the transfer of power to civilians, the official said.

Japan has suspended ODA to Myanmar since a military coup in 1988, and has limited its aid to small-scale humanitarian aid.

Last March, Japan extended 1 billion yen in food aid to minority groups in Myanmar, a move government officials described as an attempt to convey a message to Myanmar to make further efforts to return the country to democratic rule and improve human rights.

New MITI Policy on Burma Investment Insurance

OW1607124395 Tokyo NIHON KEIZAI SHIMBUN in Japanese 15 Jul 95 Morning Edition p 4

[FBIS Translated Text] The Ministry of International Trade and Industry [MITI] has decided to deal flexibly with underwriting the insurance of Japanese investment in Myanmar [Burma]. MITI, which has until now examined applications from Japanese firms for underwriting the insurance of their investment in that country on a case-by-case basis, will automatically underwrite investment of less than 1 billion yen by Japanese companies in Myanmar. MITI will put this decision into effect 17 July. MITI has made the decision after concluding that the release of democracy movement leader Aung San Suu Kyi will further spur democratization and stabilize Myanmar's economic situation. The Japanese industrial community is increasingly interested in Myanmar, which is expected to develop its economy. MITI expects investment from Japan in Myanmar to grow following its decision to deal flexibly with underwriting Japanese investment in that country.

In May 1988, MITI suspended trade insurance for Japanese companies exporting goods to Myanmar after the politically unstable country had delayed payments for imports from Japan. Applauding Myanmar's decision to promote economic reform centering on market opening, MITI resumed underwriting Japanese investment there in January this year and underwriting the insurance of exports, another highlight of the trade insurance issue, by Japanese companies to that country in May this year.

Overseas investment insurance aims to compensate for the losses of investment and long-term loans by Japanese firms that are incurred by war, civil war, or the suspension of payments by foreign governments. Overseas investment insurance is a kind of trade insurance. MITI also has decided to underwrite Japanese investment in the construction of an industrial complex (with investment of approximately 2 billion yen) and an automobile repair plant (with investment of approximately 60 million yen) in Myanmar.

If MITI automatically approves Japanese firms' applications for the insurance on less than 1 billion yen invest-

ment in Myanmar, this would bring various advantages, including the quick examination of the applications to Japanese firms eager to invest in Myanmar. The overseas investment insurance is applied to ASEAN, China, South Korea, and Taiwan. Its application to Myanmar has been held up because of the unstable political and economic situations there. The investment by country in Myanmar (approval basis as of October 1994) showed that Singapore was a top investor with \$300 million and Japan ranked fourth with \$100 million next to Thailand and the United States. The Japanese industrial community has been making aggressive moves to move into Myanmar since the beginning of this year. Japanese general trading firms have concluded comprehensive cooperative business agreements with the Myanmar Government.

Murayama: Tokyo Ready To Give Philippines Rice

OW1407143395 Tokyo KYODO in English 1407 GMT 14 Jul 95

[FBIS Transcribed Text] Yokohama, July 14 KYODO — Prime Minister Tomiichi Murayama said Friday [14 July] night that he is ready to provide the Philippines with rice aid as requested by Manila.

"We are sending rice to North Korea, and there is a request from the Philippines, so we must meet it," Murayama said in a speech on a stumping tour for the July 23 House of Councillors election.

Japan has agreed to supply North Korea with 300,000 tons of rice in emergency food aid to help the communist state cope with a food shortage.

The Philippines has also asked Japan to provide it with some of the 900,000 tons of rice it needs to help stabilize the soaring price of rice in the country.

High Yen Boosts Produce, Livestock Imports

OW1707090295 Tokyo NIHON KEIZAI SHIMBUN in Japanese 15 Jul 95 Evening Edition p 1

[FBIS Translated Text] The yen appreciation and bad weather are pushing up imports of farm and livestock products. Starting in September, Daiei Inc. will sell Chinese-grown onions raised from seeds shipped from Japan at prices about 30 percent lower than domestic market prices. Daiei also plans to import Australian-grown carrots from next March. Unicoop Japan, a Tokyo-based trading firm affiliated with the National Federation of Agricultural Co-Operative Associations, and Nosawa and Co., a Tokyo-based livestock importer, will import over 2,000 dairy cattle from North America at prices about 8 percent lower than domestic prices. Rising food imports should help stabilize domestic

consumer prices while there is a growing concern over upward movements of domestic market prices.

Daiei Inc. will procure onion seeds from Takii Co. (with its head office in Kyoto) and other nursery companies to grow onions in Guangdong Province, China. Some 500 Daiei supermarkets will sell about 2,000 tons of the Chinese-grown onions from September to February. Daiei has been importing foreign-grown onions in pre-harvest months of February to April, but this will be the first time the company will import onions while domestic production is brisk.

To pack the onions, Daiei will procure corrugated cardboard boxes from a Japanese-affiliated company in Dalian. Onions will be weathered and packed in China, and displayed in Daiei stores without any processing in Japan. While Daiei had to use specially ordered boxes, the procurement cost was about half that for Japanese-made boxes. After all, the Chinese-grown onions are expected to be sold at prices about 30 percent cheaper than home-grown ones.

Daiei also plans to grow "Koyo No. 2," the Japanese consumers' most favorite type of carrot, in Australia. The carrots will be imported to Japan from March to May 1996 to stabilize supply during the northern hemisphere's pre-harvest season. This will also be the first time Daiei has fully handled imported carrots.

Unicoop intends to import 160 Holsteins from Canada and the United States in October, and the number may grow bigger depending on the capacity of quarantine stations. Nosawa and Co. and the National Federation of Dairy Co-Operative Associations will also import about 1,000 dairy cattle each from the United States by next spring.

Their targets are young Holsteins of about 20-23 months old. The heifers are sold in Japan at 400,000-500,000 yen, but the U.S.-grown Holsteins are about 30,000-40,000 yen cheaper than those in the Japanese market. Heifers have been in short supply in Japan in the last several years as many calves were sold as beef cattle. Nosawa and Co. noted "imported Holsteins can have competitive power as long as the dollar remains at below 90 yen levels."

Finished Product Imports From Asia Increasing

OW1507011995 Tokyo KYODO in English
2337 GMT 14 Jul 95

[FBIS Transcribed Text] Tokyo, July 15 KYODO — Japan's imports of finished products are growing rapidly, particularly from other Asian economies where many Japanese manufacturers have moved production,

according to the data released by the Japan External Trade Organization (Jetro).

The semigovernmental organization said the total imports of finished products showed strong growth of 21.2 percent in 1994 from the previous year to \$151.7 billion.

Such imports accounted for a record 55.2 percent of all imports by Japan, it added.

It said imports from the newly industrializing Asian economies (NIEs) — South Korea, Taiwan, Singapore and Hong Kong — surged a remarkable 20.1 percent overall in 1994 to \$24.03 billion, compared with a 4.3 percent rise in 1993.

Among NIEs, imports from Singapore showed the biggest jump at 40.7 percent, followed by 18.5 percent for South Korea and 17.7 percent for Taiwan.

In the previous year, growth in imports from NIEs was 30.6 percent, 2.9 percent and 0.3 percent respectively.

Imports from Hong Kong increased by 6.7 percent in 1994 in a shift from a 3.5 percent drop in the previous year.

Finished-goods imports were also up sharply from China, rising a notable 38.2 percent, following a 31.4 percent gain in 1993, Jetro said.

Nissan, PRC To Jointly Produce Auto Parts

OW1407123995 Tokyo NIHON KEIZAI SHIMBUN
in Japanese 14 Jul 95 Morning Edition p 1

[FBIS Translated Text] Nissan Motor Company, Ltd. has firmed up plans for jointly producing primary parts for commercial vehicles with a major Chinese car manufacturer, the Nanjing Automobile Factory (in Nanjing).

Nissan will move the press working lines of its Zama Car Plant (in Zama city, Kanagawa Prefecture), which closed down earlier in spring, to Nanjing in 1996. It will also propose to mass produce 150,000 engines annually in Nanjing. Nissan's partner in Taiwan will also be asked to participate in the joint venture.

Under China's new policy on motor vehicles, all major carmakers in the world are keen on producing passenger cars. The strategy of Nissan, which lags behind in this race, is to use the production of commercial vehicles as a stepping stone to passenger cars. The Zama press lines transfer is a significant way of making use of idle facilities in Japan in growing overseas markets.

Press equipment to be moved from the Zama plant consists of machinery for working large auto parts, such

as exterior panels of the car body. While the construction of new facilities will take an investment of more than 10 billion yen, transferring existing equipment will cost only around 3 billion yen, representing a significant saving. While the PRC carmakers used to ask for the most advanced equipment, Nissan believes that making use of existing facilities will be better, at least in terms of stronger competitiveness in local production costs. It will soon start formal negotiations with the PRC Government to obtain its approval.

In addition, a new engine plant will be constructed, at a cost of around 20 billion yen, to produce gasoline engines with a displacement of 2,400 cc [cubic centimeters]. Both the press parts and the engines are intended for small trucks with a load capacity of 1-3 tons, to be manufactured by the Nanjing Automobile Factory. Commercial vehicles, such as small trucks, are more popular in China than passenger cars.

In the joint venture companies for engine production and press work, the Nanjing Automobile Factory and the China National Automotive Industry Corporation will provide the capital on the Chinese side. Nissan will also ask its partner in Taiwan, the top Taiwanese carmaker Yu Long Automobile Manufacturing (in Taipei), to participate in the venture. If this materializes, it will be the first time for a Taiwanese carmaker to invest in a PRC project.

Now that Nissan has clarified its strategy for China, which had remained uncertain until now, inroads into China by parts makers in the Nissan Group, including Unisia Jecs Corporation and Calsonic Corporation, will undoubtedly gather momentum. Nissan-affiliated parts makers also have close ties with the Yu Long Group, and there is a possibility that this affiliation may develop into a massive joint venture for Japan and Taiwan.

Nanjing Automobile is one of the "big eight carmaking group" in China. It produces 80,000 small trucks and minibuses annually (in 1994). In late 1994, it signed a technical assistance contract with Nissan on technology for the driver's cab. Although Nanjing specializes in commercial vehicles, it has also shown an interest in going into passenger car production. It is believed that in taking up the joint production of engines, Nanjing Automobile is also looking into the possibility of using them for passenger cars in the future.

Japanese automakers have been accelerating their shift to overseas production since the yen appreciated to 90 yen to a dollar. It is estimated that domestic production by Toyota and the other four major carmakers will fall to around 7.48 million units in 1998. This will be a drastic decline of 30 percent, compared to the peak in 1990 (10.76 million units). It is said that the auto

industry has an excess production capacity of 4 million units, and it is highly probable that a reorganization of production systems will take place, focusing on the transfer of facilities overseas.

MPT To Ask Industry To Promote PHS Abroad

OW1707090495 Tokyo NIHON KEIZAI SHIMBUN in Japanese 13 Jul 95 Morning Edition p 5

[FBIS Translated Text] The Ministry of Posts and Telecommunications [MPT] disclosed a plan to ask the "Association of Radio Industries and Businesses" to promote the use of personal handy phone systems (PHS) abroad. The Association of Radio Industries and Businesses is an incorporated body made up of communications business operators and communications equipment makers. In particular, the association will be asked to publish a memorandum of understanding (MOU) that clarifies various kinds of patent rights applied for PHS systems. Also, it will be asked to set up a permanent MOU organization that will help modify PHS designs to suit various countries' telecommunications systems.

Such consulting activities as writing and publishing documents are called "MOU activities." Since the communications systems involve complex combinations of a variety of patents, it will take much effort to introduce the systems by signing patent contracts individually.

In the sales of PHS, which has become popular in every country worldwide, more than 100 European companies help each other by setting up their own MOU organization in Geneva. The European body has been successful in offering not only contractual service for licensing patents but also a consulting function, such as advising on modification of system design and alteration of patent contracts.

MOF To Seek 10 Trillion Yen in Extra Budget

OW1707085095 Tokyo TOKYO SHIMBUN in Japanese 12 Jul 95 Morning Edition p 7

[FBIS Translated Text] Now that the monthly economic report issued on 11 July admitted that the nation's economy has "come to a standstill," the Ministry of Finance [MOF] has decided to move for a drastic action to prop up the economy by seeking to secure as much as 10 trillion yen in the second supplemental budget, which will be formulated by fall.

In formulating the budget, the ministry will depart from the past practice of increasing public works projects only, and will set as its main point the "economic structural reform," which can lead to job creation in areas of information communications and science and technology. The MOF will consider issuing deficit-covering bonds. The ministry also wants to resolve

the banking institutions' bad credit issues by fall by deciding on a specific action plan that would include providing public funds.

Speaking about the economic structural reform to promote new industrial areas in a news conference on 11 July, Finance Minister Masayoshi Murayama stressed that he was serious about the policy to support structural reform, saying: "We would like to have stimulus measures to support development of new businesses." Ryutaro Hashimoto, minister of international trade and industry, said: "The second supplemental budget should be a big one that envisages issuing deficit-covering bonds."

Given such views, the MOF, according to a senior official, has decided that in formulating the second supplemental budget, it cannot simply keep on adding more public works projects by issuing construction bonds as it has done in the past, but will "need to come up with economic stimulus measures that will build up new infrastructures like those for informatization" even if it means issuing deficit-covering bonds.

As for the bad credit issues, the ministry thinks it should complete by fall the survey of the operational condition of all housing loan specialty corporations (jusen) that it considers most important and for which the use of public funds for rescue is thought inevitable. The ministry wants to actively open up information on these companies and gain public understanding of the issues. The ministry thinks doing so will help contribute to economic recovery efforts.

Deficit-Financing Bonds Favored

OW1407135795 Tokyo KYODO in English
1149 GMT 14 Jul 95

[FBIS Transcribed Text] Morioka, Japan, July 14 KYODO — Finance Minister Masayoshi Takemura said Friday [14 July] he favors issuing deficit-financing bonds in a second supplementary budget for fiscal 1995, expected to be drawn up in the fall.

Takemura, also head of New Party Sakigake, the smallest of the three ruling coalition parties, made the comment in Morioka, Iwate Prefecture, northeastern Japan, while making a speech for one of his party's candidate running for the July 23 House of Councillors election.

Takemura said that as long as the government forms a supplementary budget, it should be a sizable one regardless of the balance of the national coffers.

"If necessary, we should be prepared for issuing deficit-covering bonds," Takemura said.

Touching on the issue of tax cuts, Takemura said they should be continued next year "if the economic situation remains as it is now." The government carried out income tax cuts as part of its pump-priming measures last year and this year as well.

LDP Urges Temporary Cut in Fixed Asset Tax

OW1507124095 Tokyo KYODO in English
0905 GMT 15 Jul 95

[FBIS Transcribed Text] Yamagata, Japan, July 15 KYODO — The secretary general of the Liberal Democratic Party (LDP), the largest force in the three ruling coalition parties, called Saturday [15 July] for a temporary cut in the fixed asset tax as part of economic stimulative measures.

Yoshiro Mori said at a meeting in this northern Japan city that without such a tax break, small industries would go out of business.

He did not go into specifics on his proposal, made while on a stumping tour for the July 23 house of councilors elections.

Mori also said the government should nurture multimedia industries by issuing a new type of bond for the coming decade.

Action on Housing Loan Applications Speeded Up

OW1507011895 Tokyo KYODO in English
0027 GMT 15 Jul 95

[FBIS Transcribed Text] Tokyo, July 15 KYODO — The Construction and Finance ministries are considering the acceptance of applications for housing loans from the state-run Housing Loan Corp. in August though it was originally planned for September, a business daily said Saturday [15 July].

Such front-loading of application acceptance is aimed at stimulating housing investment, which has slowed reflecting the stagnating economy, the NIHON KEIZAI SHIMBUN said.

The ministries may also consider increasing the capacity of the applications, which is currently set for 630,000 houses for fiscal 1995, the daily said.

The application is the second of its kind in the current fiscal year following the one in May. According to the original plan, Housing Loan Corp. is to accept applications in May, September, December and March, the daily said.

The nation's housing starts figures in May showed that housing investment has slowed and the Construction

Ministry wants to stimulate the demand for housing, the daily said.

The housing loan rate offered by the corporation has been lowered to a record low of 3.25 percent per annum for acquiring housing with a floor space of 125 square meters or less.

Ministry To Hold Hearing on Housing Lenders

*OW1707103895 Tokyo KYODO in English
0952 GMT 17 Jul 95*

[FBIS Transcribed Text] Tokyo, July 17 KYODO — Vice Finance Minister Kyosuke Shinozawa said Monday [17 July] the ministry will soon hold a hearing for parent financial institutions on progress in reconstructing affiliated housing loan companies suffering huge bad loans.

Shinozawa said at a press conference, "hearing from founding banks is necessary for us to understand the current condition of housing lenders."

While admitting difficulties in carrying out 10-year reconstruction plans sketched out early in 1993 by seven housing loan companies to dispose of their sour loans, Shinozawa called upon the companies themselves and their parent lenders to first make every effort to help themselves.

The housing lenders, beset with the debt hangover of the 1980s, have more than 6 trillion yen worth of restructured and bad loans, and debts totaling 13 trillion yen to financial institutions.

"The reconstruction plans are not easy, though they are in progress," Shinozawa said, "first of all, housing loan companies and related financial institutions should adjust to the real state of affairs and work out counter-measures."

Turning to talks on the liquor tax dispute with the European Union (EU) starting Thursday in Geneva, Shinozawa said Japan will first explain the nation's tax system on alcohol and the difference in domestic consumption between whiskey and the Japanese spirit shochu.

Shinozawa said, however, he is not ready to comment on prospects for the talks.

Claiming Japan's higher taxes on imported whiskey than shochu constitute a trade barrier, the EU filed a complaint with the Geneva-based World Trade Organization (WTO) last month, followed by the United States and Canada earlier this month.

If the bilateral negotiations break down, a special dispute panel will be established for multilateral debate

within 60 days after the dispute is brought to the world trade body.

Increasing Unemployment Rate Expected

*OW1507060795 Tokyo KYODO in English
0426 GMT 15 Jul 95*

["News Focus" by Rieko Saito: "Era of High Unemployment Feared Imminent in Japan"]

[FBIS Transcribed Text] Tokyo, July 15 KYODO — With the national economy losing steam, the job situation in Japan is deteriorating to the point where the country could be locked into a vicious circle of economic depression if no measures are taken.

According to government reports, Japan's unemployment rate hit 3.2 percent in April, a record high since 1953, and remained almost unchanged at 3.1 percent in May.

But experts say the rate could be much higher, depending on the criteria used to define and calculate unemployment.

They say that in a government survey based on the method of the international labor organization, people who are actively seeking but cannot find a job at the time of the survey are classified as "jobless."

This does not include those who, discouraged by the job situation, have temporarily stopped seeking work.

For example, housewives who lost their part-time jobs due to their employers' restructuring moves or workers in Kobe, western Japan, who lost jobs because of the strong earthquake in January, are not considered unemployed unless they actively seek another job.

"There are about 330,000 such 'hidden' jobless people, and including these, Japan's unemployment rate is about 3.5 percent at present," said Naohiro Yashiro, senior economist at the Japan Economic Research Center and a professor at Sophia University.

The way of calculating the number of such hidden jobless people varies, and the true rate could be way above Yashiro's figure.

Yashiro said many of these people are secondary income sources for households, such as housewives.

They may stay away from actively seeking work for the time being, but if the main income earners — their husbands — lose their jobs due to the slack economy, they might have to go on the labor market, thereby pushing up the real jobless rate.

"A bad employment situation will adversely affect consumer consumption, one of the few supports for the

weak economy at present. If no measures are taken, it could trigger a vicious circle of recession," yashiro said.

The latest deterioration in Japan's employment situation started during the second longest postwar recession in the early 1990s, after the burst of the speculative "bubble" economy.

According to a survey by business magazine publisher Toyo Keizai Inc., Japan's listed companies slashed a total of 128,000 jobs between October 1993 and September the following year.

White-collar workers and middle-aged employeeer were the primary targets of job cuts, and were asked to apply for early retirement, a transfer to subsidiaries or related companies, or to stay at home for a certain time.

From late 1994, however, job cuts eased a little partly because corporations were said to have reduced their work forces to almost minimum levels, and partly because signs of economic recovery seen at the time encouraged them.

But job cuts started again this spring after the yen rose rapidly against the U.S. dollar, spurring fears that it could drag down the still fragile Japanese economy.

The primary targets of corporate cost-cutting steps this time were school students expected to graduate next year.

In a recent poll by KYODO NEWS SERVICE, one out of every three large companies said it plans to reduce the number of job offerings to young school graduates next spring.

Among the firms surveyed, Hitachi Ltd. said its new hirings will be 200 fewer than last year's 800, while NEC Corp. said it will curb new recruitment of college graduates even for technical jobs. Toyota Motor Corp. announced a 30 percent drop from last year to around 140, the smallest number since 1982.

Many more smaller companies announced similar decisions amid gloomy economic forecasts by think thanks that the national economy has lost steam, and gross domestic product is likely to show a near-zero growth in the current business year for the fourth straight year.

"The situation is much harder than I expected," said Etsuko Watanabe, a fourth year student at Keio University.

She has visited more than 30 large companies since April and received no job offers so far.

In previous years, she would have had offers before July, the official month Japanese companies are supposed to start new recruitment.

The situation is much harder for female students than for male students, she said, even though equal employment opportunities are supposedly guaranteed under the law.

Hiroshi Yamamura, chief economist at NLI Research Institute, said, "the happy times when companies could hire many new graduates at once and train them by themselves are over. Such a strategy is possible if the economy is expanding but not when it is shrinking."

He said the problem is similar to that of caring for an aged or ailing family member. "If a family has to take care of the ailing person by themselves, it is a very heavy burden. In the long run, sometime it becomes impossible."

Job cuts may be necessary for companies to survive, he said, but added that the government should play a role — providing more financial help for the unemployed and making them go on retraining programs to qualify them for other jobs.

Executive Suspected of Funneling Illegal Loans

OW1507125395 Tokyo KYODO in English
1200 GMT 15 Jul 95

[FBIS Transcribed Text] Tokyo, July 15 KYODO — A businessman arrested in connection with a financial scandal is suspected of drawing about 130 million yen from a dormant tourism firm in the names of two associated executives, informed sources said Saturday [15 July].

The two executives denied involvement in the case and said they were upset by the report.

Harunori Takahashi, former president of Tokyo Kyowa Credit Association, under questioning for suspected breach of trust, drew the money from Akeno Ecotopia, an inactive tourism development company in Tokyo, in early 1994 under the names of two executives of the Iei International Group, which he owned, the sources said.

Takahashi has admitted also owning Akeno Ecotopia.

Takahashi and Shunsuke Suzuki, former president of Anzen Credit Bank, were arrested in late June for allegedly funneling illegal loans to companies they were associated with, causing the two credit unions to go bankrupt.

According to the sources and Akeno Ecotopia's in-house documents, the funds disbursed by the company were channeled to two executives of the Iei International Group.

The two executives denied receiving the money.

Takahashi and Suzuki were alleged to have cooperated in providing loans from the two credit unions to Takahashi's enterprises.

Investigators said that Takahashi is suspected of using Akeno Ecotopia as a vehicle for financing his personal loans and interest payments for his firms.

Akeno Ecotopia had 7.33 billion yen in loans from Anzen Credit Bank as of last November.

SDPJ Wants Defense Budget Growth Contained

OW1707083595 Tokyo NIHON KEIZAI SHIMBUN in Japanese 14 Jul 95 Morning Edition p 2

[FBIS Translated Text] Wataru Kubo, secretary general of the Social Democratic Party of Japan [SDPJ], revealed his party's current defense policy in a news conference held in Ube, Yamaguchi, on the afternoon of 13 July. According to Kubo, the SDPJ will ask the government 1) to contain the growth rate of defense expenses in the draft 1996 budget to less than 0.855 percent, the growth rate for the 1995 budget [over the preceding year's], and 2) to formulate a mid-term defense plan that will envisage arms reduction. Kubo said: "Our concept is to make 1996 the first year in implementing arms reduction; the SDPJ hopes to carry it out, beginning with the drafting of the 1996 budget requests — as a matter of agreement by the coalition parties."

Speaking about how to handle defense expenses in the draft budget, Kubo insisted: "Under the Murayama government, we contained the (1995 defense budget) growth rate to 0.855 percent. We would like to lower the growth rate further in the next year." While the defense expenses in the 1996 budget are expected to include burdens from the purchase of Airborne Warning and Command System (AWACS) planes and from increased personnel expenses, Kubo revealed his party was thinking of demanding reduction of major front-line equipment as well.

Kubo also talked about an idea of creating an "international disarmament and peace research institute" (tentative name) as a way for Japan to take the initiative in nuclear disarmament campaigns. Touching on the issue of unfreezing the UN Peacekeeping Forces (PKF) [unfreezing a provision in Japan's UN Peacekeeping Operations Law — an action that would make Japan's participation in the UN PKF possible], he said, "the SDPJ has no intention of agreeing to unfreezing it."

MPT Seeks Information Network Promotion Fund

OW1707094295 Tokyo NIHON KEIZAI SHIMBUN in Japanese 13 Jul 95 Morning Edition p 5

[FBIS Translated Text] On 12 July, the Ministry of Posts and Telecommunications [MPT] worked out a document, "Urgent Tasks in Promoting an Advanced Information and Telecommunications Society," which contains its policies for FY96 budget policies in the information and broadcasting fields.

The MPT paper's main item is a proposal for the establishment of a "special fund for information and telecommunications" worth 1 trillion yen, which aims at building an information and telecommunications infrastructure and developing related industries. The MPT seeks a budget giving more importance to the purchase of software and equipment rather than to construction of buildings to prevent the hollowing-out of industries and the labor market's deterioration. The MPT plans to submit this paper to the general meeting of the Telecommunications Council (an advisory council to the MPT minister) to be held on 13 July. Once the council approves the report, the MPT will start negotiations with the Finance Ministry.

In the "Urgent Tasks," the special fund will cover concrete plans in four areas: 1) infrastructure improvements for the 21st century; 2) expansion of economic frontier; 3) promotion of future-oriented research and development projects; and 4) strengthening international partnership.

Concerning infrastructural development, the MPT continues to focus on the construction of fiber-optic communications lines capable of transmitting massive amounts of data, until the end of fiscal 1995. However, the MPT will now also actively promote the advancement of mobile and satellite communications, as well as the development of digitalized broadcasting.

The main projects in efforts to develop communications industries are in building an infrastructure for producing and marketing software for digital broadcasting and the formation of bases of multimedia-oriented software development. The MPT also plans to supply financial support for the development of new businesses by providing subsidies, low-interest loans, and taxation support.

In addition, in its research and development proposals, the MPT gives importance to development of technology for next-generation ultra high-speed multimedia mobile communications as well as ultra-wideband communications satellites. The establishment of a system for contract research is deemed indispensable to strengthen cooperation among industry, academic circles, and the

bureaucracy to implement this effectively. The MPT also plans to strengthen cooperation with Western nations and countries in the Asian-Pacific region through various experiments.

Election Campaign Going Into 'Final Stretch'

OW1507133495 Tokyo KYODO in English
1302 GMT 15 Jul 95

[FBIS Transcribed Text] Tokyo, July 15 KYODO — With one week left before the July 23 House of Councillors election and a vote that could redraw the national political map, nationwide canvassing by party leaders entered the final stretch on Saturday [15 July].

In the first national electoral test for the coalition government of Prime Minister Tomiichi Murayama, 126 seats, or half of the upper house's total of 252, are at stake.

The Liberal Democratic Party (LDP), the largest coalition partner, has decided to put last-ditch energy into 13 constituencies where its candidates are reportedly weak.

LDP President Yohei Kono, whose wife Takeko died of heart failure on Thursday, postponed her funeral to speak for the party's candidates.

Kono, also foreign minister, will share the burden of the remaining campaign program with LDP Secretary General Yoshiro Mori and other senior members, visiting such prefectures as Aomori, Nagano and Tottori.

The Social Democratic Party (SDP), headed by Murayama, has mobilized former party chairman Takako Doi, the speaker of the House of Representatives, to regain votes for the party.

While the LDP is confident of victory in about 20 constituencies and feels its candidates have a 50-50 chance in some 25 others, the SDP is determined to win over 25 seats.

But except for such constituencies as Hokkaido, Oita and Kagoshima, SDP candidates have been fighting a tight game because of a strong challenge from the largest opposition party, Shinshinto (New Frontier Party), political analysts said.

Murayama himself will be everywhere from the northern Tohoku region to southern Kyushu, winding up his campaign tours on Sunday by visiting five constituencies in one day.

The analysts said Shinshinto has already secured at least 10 seats.

Shinshinto chief and former Prime Minister Toshiki Kaifu, and Party Secretary General Ichiro Ozawa will

canvass in 14 other constituencies to shore up candidates.

Of the 126 seats up for election, 76 will be elected from the 47 prefectural constituencies, while the remaining 50 will be elected by proportional representation.

The poll is the first national election since the lower house election in 1993, which led to the end of the postwar reign of the LDP.

Although loss of the upper house would not require a change of government, Murayama could be forced to step down if the SDP suffers a major defeat in the election, the analysts said.

Murayama's SDP currently forms a tripartite coalition with the LDP and New Party Sakigake, an LDP splinter group headed by Finance Minister Masayoshi Takemura.

Opposition Seeks Majority of Seats

OW1707043895 Tokyo KYODO in English
0258 GMT 17 Jul 95

[FBIS Transcribed Text] Sasebo, Japan, July 17 KYODO — The opposition camp will seek to win half the 126 seats at stake in Sunday's [23 July] House of Councillors election or at least take more seats than any single partner of the ruling tripartite coalition, an opposition leader said Monday.

"We want to grab a majority of seats as anticoalition or noncoalition forces as a whole," said Ichiro Ozawa, key strategist of the largest opposition Shinshinto (New Frontier Party). "We desire at least to be the largest group in terms of the number of newly elected (upper house) members," Ozawa told reporters as he campaigned for the election in Sasebo, some 50 kilometers north of the port city of Nagasaki, southwestern Japan.

The upper house bloc of Heisei Kai, which includes Shinshinto and smaller opposition parties, possesses 49 seats in the 252-member chamber against 93 for Deputy Prime Minister and Foreign Minister Yohei Kono's Liberal Democratic Party, the largest coalition partner, and 63 for Prime Minister Tomiichi Murayama's Social Democratic Party. Half the upper house seats are to be elected every three years. The term of office of upper house members is six years.

LDP Prime Minister Urged

OW1407162795 Tokyo KYODO in English
1501 GMT 14 Jul 95

[FBIS Transcribed Text] Nagasaki, July 14 KYODO — Prime Minister Tomiichi Murayama should quit and his successor come from the Liberal Democratic Party

(LDP) if Murayama's Social Democratic Party (SDP) loses the July 23 House of Councillors election, an opposition leader said Friday [14 July].

"It's unreasonable for the LDP to continue supporting a defeated SDP. The largest party should have a prime minister (chosen from within it)," said Koshiro Ishida, one of the main opposition Shinshinto's (New Frontier Party: NFP) four deputy heads.

"It's a common course for any prime minister to resign once his party is rejected by voters in a national election," Ishida said during a campaign speech in Nagasaki, southwestern Japan.

"It's strange that LDP leaders should say they will maintain the Murayama government even if the SDP loses (in the upper house poll)."

Murayama has said the SDP's win-or-loss line in the election will be 22 seats, the number the party secured in the previous poll in 1992.

Of the 252 seats in the upper chamber, exactly half are at stake in the election held every three years.

Watanabe: Murayama Need Not Resign

OW1707044595 Tokyo KYODO in English
0321 GMT 17 Jul 95

[FBIS Transcribed Text] Kitakyushu, Japan, July 17 KYODO — Prime Minister Tomiichi Murayama need not resign even if his Social Democratic Party (SDP) loses heavily in Sunday's [23 July] House of Councillors election, former Foreign Minister Michio Watanabe said Monday.

"It's only a story within the SDP even if the party wins only half of the seats it won previously or only a single-digit number of seats," said the senior lawmaker of the Liberal Democratic Party (LDP), the dominant partner in the three-party ruling coalition along with the SDP and a small LDP splinter group.

"It is possible (for Murayama) to quit as SDP chairman saying he can no longer stay in the post. But we won't ask him to resign," Watanabe told an audience during a campaign speech at a hotel in Kitakyushu on the northern tip of Kyushu, Japan's southernmost main island.

The SDP won 22 seats in the previous upper house election in 1992. Half the chamber's 262 seats are at stake in the coming election, held every three years.

Impact of Single-Seat Constituency System Viewed 952B0162A Tokyo THIS IS YOMIURI in Japanese May 95 pp 136-139

[Article by Taro Yayama, political commentator]

[FBIS Translated Text] It seems even the Dietmen and the voting public have not yet clearly understood what sort of influence will be exerted on politics by the single-seat constituency system. However, the new electoral system is steadily exerting heavy pressure on the majority party (Liberal Democratic Party) [LDP], Social Democratic Party of Japan [SDPJ] and new party Sakigake [Harbinger], and it is causing these various political parties to undergo transformations.

Because the Japanese people have become accustomed to the multiple-seat electoral system for the past 70 years, they believe that the development of small-party independence or factions is a "way of the political world." But the development of small-party independence or factions is something that was brought about by the multiple-seat electoral system by which three to five people were elected from one electoral precinct. The mix of 300 members from the single-seat constituencies and 200 members from proportional representation system differs basically from the multiple-seat electoral system and eventually the system is bound to be headed toward the establishment of the two-party system.

Because the proportional representation provision still remains, political parties like the Japan Communist Party will probably continue to survive from the proportional representation provision, but this observation is possible only because they are political parties with nationwide organizations and it would probably be unreasonable for the SDPJ and Sakigake to undertake the same strategy. Even if the SDPJ should initially survive with the proportional representation provision on the first and second campaigns, eventually it would meet the fate of destruction. The same can probably be said for Sakigake.

The Highlight Is the Battle Among Political Party Members

The highlight of the election with the single-seat constituency system will boil down to the battle among members of the political parties. The political parties will be promoting their own policies and they will be asking the voters who has the appeal and who is conforming with the times. It is certain that the LDP and the New Frontier Party will take positions to compete against each other in the future, but while the New Frontier Party is aware of this development and is endeavoring to integrate the policies that it has promoted, it seems that the LDP does not yet have this awareness.

Perhaps from the force of habit of having grasped political power continuously for a 40-year-period, the LDP does not have the awareness to fashion a policy that is worthy of the new era. Even with the administrative reform issue, the LDP, fearing that its popularity will suffer if the issue is not resolved, appears to be dealing with the issue reluctantly. Consequently, as in the case of reviewing the integration of special corporations, the LDP has treated the issue by reducing only the number and preserving its form. There is no perception as to why the administrative reform is being undertaken now.

The Power of the Executive Board Will Be Stronger

Regarding political parties' functioning under the single-seat constituency system, the power of the executive board of the political party will inevitably become stronger. The New Frontier Party's selection of not only the party leader, but also the secretary general, by votes of all the Diet members is probably based on the analysis that objections will not be raised in the future if the party is managed by way of the investiture of full powers.

Lacking such awareness on this point, the LDP selected Yohei Kono as its president and Mori was selected as secretary general through a factional balance of personnel. With the multiple-seat electoral system, such requirements as official recognition from the party are totally ignored and as long as the faction leader offers support, the individual can forcefully run as a candidate and gain party admission by being elected. But with the single-seat constituency system, official recognition by the party will definitely affect a candidate's election outcome. As a result of the curtailment of the inflow of funds, the power of faction leaders for the past five or six years has been weakened considerably, but the coup de grace in this case was the adoption of the single-seat constituency system. All the factions mutually agreed to have the respective factions dissolved, but this agreement was made possible only with the disappearance of the medium called the multiple-seat constituency system, which had caused the factions to develop. One can understand the extent of the huge impact on the LDP from the reform of the electoral system.

With the dissolution of the factions, the executive board suddenly grew in importance. Yohei Kono was selected as president right after the LDP's loss of political power. From the viewpoint of the LDP's mainstream, Kono belongs to an affiliate organization. The LDP has called for the establishment of an independent constitution in its party platform, but Kono's position is on protecting the Constitution. Moreover, Kono's selection as party president is attributed to the loose perception prevailing

in the various factions that it did not matter since he was selected as "party president but not concurrently prime minister." The conservative mainstream members, like Ryutaro Hashimoto, held the view that, when it is finally time to return to political power, fellow politicians, like Kono, can be replaced at any time.

However, the power wielded by a party head of a political party under the single-seat constituency system is a mighty one. Fully aware of this phenomenon, Taku Yamazaki, Koichi Kato and others struck a deal with Kono and they changed over to a strategy of grasping the leadership after Kono. Their perception right now is that entering the executive board to lay the groundwork within the party is the best plan.

The alliance between Kono and YKK (Taku Yamazaki, Koichi Kato, and Junichiro Koizumi) is reported to be an offshoot of the former Obuchi faction, but it is probably true that the incapacitation of the party bosses of the former factions turned into power for the executive board. The new candidates who want to receive official recognition must now rely on the party's executive board rather than the former bosses.

Replacing the faction leaders who held the right of "official recognition" and the purse strings is the party's executive board which now has the right of granting official recognition and the party funds. Previously as long as the boss of the faction approved, it did not matter whether the party's executive board was defied. But not today, for defiance of the party's executive board can affect the survival of an individual's political life.

Up to now, bureaucrats were aware that as long as they maintained contacts with the faction bosses and zoku Dietmen, dealing with the party was no problem. But now the bureaucrats who had been making the liaison rounds are crying that with the woeful decline of the assertive rights of Kiichi Miyazawa, Noboru Takeshita, and Michio Watanabe, "their presence is ignored within the party."

Like the gripping action of the vise, adoption of the single-seat constituency system is about to steadily change the political world.

Miscalculation in Takemura's Strategy

It seems that even the strategy of Masayoshi Takemura, leader of the Sakigake, appears to have gone wrong completely. At one time, it was the talk in the political world that should the Murayama government reach its limits, party leader Takemura could be the possible successor. As to why the LDP party leader cannot be considered as a possible successor, the reasons given were that it would be difficult to round up the entire

membership of the LDP if Kono were mentioned as a possible successor, that just about one half of the SDPJ would not go along, etc. For this reason, it appears that Takemura had deepened his tie-up with Takeshita and that he wanted to mobilize the LDP with Takeshita as his pawn. The LDP's executive board, which saw through this kind of ulterior objective, took Takemura to task thoroughly in the reform of special corporations and the credit association relief issue, and smashed Takemura's ulterior objective.

Takemura's miscalculation regarding the reform of the electoral systems was probably attributable to his belief that in no way would the proportional representation system be established at 300 and 200 members. Then again, it could possibly be his lack of prediction that the proportional system is headed in the direction of the two-party system.

When the Hosokawa coalition government was formed, Takemura moved decidedly to squelch the election reform. The "moderate multi-party system" which Takemura has talked about for some time is indeed possible with the multiple-seat electoral system. When the dramatic Hosokawa-Kono meeting was held on 29 January 1994, prior to the settlement reached on the proportional system, Takemura was heard to remark, "Conduct the election once with the multiple-seat electoral system." If the election had been held with the multiple-seat electoral system, the Sakigake would probably have acquired the size of 50 to 60 elected members. Takemura's ulterior motive was based on continually maintaining his position in the majority party government with his leadership of these 50 to 60 party members. Takemura's ulterior motive is obvious when focusing on his locus in his participation with the non-LDP coalition to the LDP-SDPJ-Sakigake coalition governments with his present strength of 21 members.

From the standpoint of Takemura's strategy, the multiple-seat electoral system is the best and the single-seat constituency system with proportional representation or the combination system is the next best. The combination system is practiced in Germany and it is a substantially proportional system in which even the number of parliamentary seats is determined in proportion to the ratio of votes polled. In Germany with this system, there are two large parties, the Christian Democratic Union and the Social Democratic Party, and a small party called the Free Democratic Party also exists. The Free Democratic Party participates in planning within the government and possesses at all times the casting votes, but Takemura probably had his sights on the position of the German Free Democratic Party. In any case Takemura's ulterior motive was crushed. Under the proportional system whose nucleus

is the single-seat constituency, the fate of Sakigake is obliteration.

Even the SDPJ Is Fated To Disappear

Based entirely on the same reasons, even the SDPJ is fated to disappear. Indeed with this perception, Sadao Yamahana and others formed a new party and joined with the New Frontier Party, and they are striving to survive. Akira Yamagishi, former president of Rengo (Japan Confederation of Trade Unions), expressed regrets when he wrote in the April 1995 issue of this magazine: "It was a mistake to adopt the proportional system. The combination system should have been adopted." This is probably the true intention of the SDPJ. Facing the fate of fading away, the leftist faction of Murayama and others have no recourse and it seems that they can only hope that their position as the majority party in the present government somewhat continues for a long spell.

Murayama does not have any options remaining in campaigning for the election. Perhaps the election might be held in early fall or later. During the period leading to the election, the shock of defeat in the prefectural elections and defeat in the upper house elections will probably overwhelm Murayama. If voices are raised within the SDPJ for him to accept responsibility or if the percentage of support for the cabinet should drop drastically, Murayama has no recourse but to declare resignation of the cabinet en masse. The possibilities exist for the government, under its present framework, to be taken over by Kono, or by Takemura, or even by Kozo Igarashi (chief cabinet secretary). If no settlement is reached among the three parties, there is the possibility of Toshiki Kaifu of the New Frontier Party taking over the government.

Properly speaking, in reviewing the single-seat constituency system which will result in the two-party system, the legitimacy of the Murayama government becomes questionable. It is only natural for this suspicion to be exposed as election time approaches.

Internet Boom in Political Circles Viewed

OW1407123495 Tokyo AERA in Japanese 17 Jul 95 pp 22-23

[Article by Satomi Ono: "Nagata-cho on Internet"]

[FBIS Translated Text] The Social Democratic Party of Japan [SDPJ] opened an Internet homepage on 1 July as an eye catcher in campaigns for the ongoing upper house election.

The SDPJ homepage shows a portrait of the party chairman, Prime Minister Tomiichi Murayama, and

plays his voice message. In addition, the SDPJ's eight campaign posters and the text of Murayama's first campaign speech, made on 6 July, are included in the homepage.

However, this does not mean the SDPJ believes "voters want to watch campaign posters on Internet." The SDPJ's Internet service is aimed at demonstrating the party's "sensitivity" to modern technology for computerized information, in a bid for popularity in the upper house election.

Omnix Corporation (head office in Tokyo) designed the SDPJ homepage. The SDPJ is Omnix's first client in political circles.

Nevertheless, Sakigake [Harbinger] and Shinshinto [Japan Renewal Party] announced the opening of their own Internet services immediately before the SDPJ. Thus the SDPJ became the third Internet service provider [as published] in political circles.

However, an SDPJ Secretariat member said he is still happy with the new service. He noted, "The SDPJ homepage will be used by some 60 foreign political parties that have membership in the Socialist International."

Shinshinto Opens PC-VAN Service Too

Shinshinto's Internet service was started on 1 July through NEC Corp.'s "C&C Internet Service Mesh" network, which is intended for organizational users. At the same time, the party opened the "Shinshinto Forum" on NEC's PC-VAN online network.

Shinshinto's intention is to build up a new network for communication with the public. To achieve the objective, Internet will be used to reach people accessing from overseas and PC-VAN to reach voters in Japan.

It appears that Shinshinto's network service had rough going until the party leadership approved it. Party members say Secretary General Ichiro Ozawa is now "exercising his leadership to suppress party spending," and the expense was the biggest obstacle to starting the information service. Ozawa's personal interest in online networks also seemed to be doubtful.

On 29 June, Satsuki Eda, chairman of Shinshinto's Public Relations and Planning Committee, called on Ozawa upon a request from younger dietmen. Eda said: "I have something to discuss with you about online networks." Ozawa replied: "Well, you are talking about a 'hello telephone,' right?" Eda thought Ozawa probably meant answering machines, but he continued: "No, I am talking about information on computer displays...." Ozawa interrupted: "That is what I call a 'hello telephone.'" This was the green light.

The Shinshinto's information service on Internet was started in English only. Information in Japanese has not been provided. A Shinshinto official explained: "Since most information on the Japanese Government is released to the world via foreign correspondents, it is our duty as a responsible political party to become another information source."

Shinshinto intended to call itself the "top-runner" in the computerization of politics, but Sakigake was ahead by a small margin.

Sakigake opened its Internet homepage on 27 June through the "New Koala" network. The main sponsor of "New Koala" is the Oita Prefectural Government, and Oita Governor Morihiko Hiramatsu is serving as the network's honorary chairman. Sakigake's homepage was registered in the name of party head Masayoshi Take-mura, since the New Koala network is not intended for organizational users. The homepage does not yet have such information as campaign pledges or reports on party activities. However, Sakigake started the service after inputting its founding declaration and the dates of birth and blood types of Sakigake dietmen, to "take action before the election."

LDP Takes No Action

"We needed it for the election campaign...." Representative Takanori Sakai of the Liberal Democratic Party [LDP] said it was regrettable that the party ignored his 27-page report, written in cooperation with Nippon Telegraph and Telephone (NTT) Corp.

His report proposes that the LDP's public relations service directly access voters through the Internet. He also says that online networks are useful for communications between party headquarters and local branch offices.

Sakamoto stressed that "the service is good under the single-seat constituency system because we no longer have rivals in the party." Sakamoto noted his supporters are complaining that "4,000 yen is too much for the annual membership fee" of the LDP. Being an LDP member used to mean having the right to choose the prime minister as voters for the LDP presidential elections. However, the membership's value has declined because LDP members "no longer have the votes to choose the prime minister" under the coalition government. Under such circumstances, Sakamoto proposed: "The party should reinforce its services for individual voters through such media as online networks." However, the LDP leadership gave no response to Sakamoto's proposal. An LDP official showed a prudent stance toward disclosure of party information, saying: "There is room for discussion to

determine how much information should be released by the party."

Commenting on the party's indifference toward the information services, a younger LDP dietman said: "Senior dietmen work hard when they personally organize their own supporters, but they are not interested in the overall party's popularity."

In contrast, the government and Diet are quietly dealing with computerization.

The Diet is steadily building up a database of all texts of Diet minutes, rather than starting online services with no significant content. The Diet plans to have the minutes database on Internet by fiscal 2003.

The Diet's minutes are currently available in the market in the form of hard copies. However, the soft copy version will be much more convenient for users. It would be more convenient if read-only information, such as assets reports by individual dietmen, is released via online networks. Everything depends on the dietmen's course of action.

Government Is Front-Runner, However,...

The government started information services through Internet and other online networks earlier than the Diet and political parties. However, this does not mean all government agencies have such services. The government has no plan to standardize the level of services.

Some information services are just chronological lists of documents; in some databases, search functions are offered for pay. Most of these only have information that is available elsewhere. An official of the Ministry of International Trade and Industry, which provides personal computers to every staff member, said: "We want to promote in-house computerization because upgraded information gathering capability will reinforce our competitive power in negotiations with other government agencies or foreign governments. However, disclosure of information is another story."

How Much Information Should Be Disclosed?

An SDPJ Secretariat member said: "The SDPJ has been disclosing only what the headquarters wants. We should provide what individual local branches know and what they want to know, as updating of information will become much easier with online network systems."

It is not surprising that the parties are considering computerization to strengthen their own public relations capability and competitive power. However, the public is watching what is released via computers, rather than whether or not the parties introduce computer systems.

Computerization in political circles is at its starting point, and we still do not know the future direction. Disclosure policies of individual parties may become tools to measure the openness of information supplied by the government and the Diet.

North Korea

Delegation Head Discusses New Peace Mechanism

*SK1407153595 Pyongyang KCNA in English
1522 GMT 14 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 14 (KCNA) — The head of the delegation of the Democratic People's Republic of Korea on June 29 made a speech at the Geneva meeting of disarmament which is being held in Switzerland.

He said: The question of Korea is complex and peculiar due to the interference of the big powers and the United Nations. Therefore, its solution is directly connected with peace and security in Asia and the world.

The only way to ease the tension and prevent confrontation on the Korean peninsula is to terminate the state of armistice and establish a new peace mechanism.

The work to replace the old and useless Armistice Agreement and body with a new practical peace mechanism is not what anyone can do. It can be done only by the signatories to the Armistice Agreement because it involves the question of signing and consolidating a peace agreement.

An agreement on non-aggression was adopted between the North and the South of Korea. What they should do is to implement it. The question of armistice should be solved by the Democratic People's Republic of Korea and the United States which are signatories to the Armistice Agreement and have real powers.

The unfavourable relations between the U.N. and the DPRK should be removed this year on the occasion of the 50th anniversary of the founding of the United Nations.

In order to prevent nuclear arms race and realize nuclear disarmament, the "system of protection with nuclear umbrella" for "allied nations", a remnant of the old time of confrontation, should be abolished and all theories justifying nuclear weapons be denied. And nuclear powers should guarantee unconditional no use of nuclear weapons to non-nuclear states and should adopt a treaty of banning preemptive use of nuclear weapons and totally prohibiting the use of nuclear weapons.

U.S. Compliance With Statement Urged

*SK1607084395 Pyongyang KCNA in English
0808 GMT 16 Jul 95*

[All names as received]

[FBIS Transcribed Text] Pyongyang, July 16 (KCNA) — The United States must honestly fulfil its obligation as it promised in the DPRK-U.S. joint press statement, demanded George Charles Quayno Mettle, member of parliament of Ghana, and Rifaat es-Said, secretary of the National Progressive Unionist Party of Egypt, in recent statements they recently issued in support of the joint press statement.

The Ghanaian lawmaker urged the United States to honestly fulfil its obligation pursuant to the framework agreement and the joint press statement with the DPRK, to build confidence between the two countries and no longer to hinder peace and reunification of the Korean peninsula.

The Egyptian party official said that if the tension is to be eased on the Korean peninsula and substantial peace be preserved in this part and the rest of Asia, it is essential for the United States to faithfully fulfil its obligation as it promised in the joint press statement.

South 'Slandering' North Over Rice Supply

*SK1507075295 Pyongyang Radio Pyongyang
in Korean to South Korea 1300 GMT 14 Jul 95*

[FBIS Translated Text] A spokesman in the secretariat of the Committee for the Peaceful Reunification of the Fatherland [CPRF] today answered a question raised by the KOREAN CENTRAL NEWS AGENCY reporter regarding a boisterous racket kicked off recently by the South Korean authorities with the issue of offering rice to us.

Recently, the impure forces in South Korea have been impudently waging commotions to slander us with the issue of offering rice to us.

Such acts and remarks are seen among the authorities, and broke out even in the National Assembly. This is not reasonable in any respect.

In any nation, grains are used as foodstuffs, raw material for light industry, and as livestock feed.

Today many countries in the world, including those who have attained self-sufficiency in foodstuffs, buy grains from others.

We exported grain to other countries in the past, and when necessary, brought in grain from other countries. Rice deals are a common practice between nations. It is a natural phenomenon.

Therefore, we think that by offering a small quantity of rice, one need not act as a benefactor, as if presenting stars plucked from the sky.

Furthermore, regarding the issue of offering rice, we did not ask for it, they voluntarily offered it. Nevertheless, they are acting like a benefactor. It is an act contrary to etiquette.

As was known by the whole world, we sent enormous amounts of rice, cement, fabric, and medicines to the South Korean people as relief materials when they suffered from damages caused by floods in September 1984. However, we did not act to irritate the South Korean side.

Despite this, every day the South Korean authorities and even assemblymen are boisterously running amok with the rice issue, thus irritating us. This shows that they are handling the issue of offering rice for insidious purposes, not in good faith.

We cannot remain an onlooker to the fact that they are pursuing an insidious purpose on the pretext of the rice issue.

If the South Korean authorities continue unnecessary acts and remarks and irritate us as today, no good result will come to them.

'Smear Campaign' Cited

*SK1407160195 Pyongyang KCNA in English
1550 GMT 14 Jul 95*

["Don't Behave as Benefactor" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 14 (KCNA) — The spokesman for the secretariat of the Committee for the Peaceful Reunification of the Fatherland [CPRF] gave the following answer to a question put by KCNA on July 14 as regards a current smear campaign of the South Korean authorities over the provision of rice to the Northern half of Korea:

Some dishonest forces of South Korea are nowadays engaged in impudently slandering us over the provision of rice.

Not only the authorities but also some "national assemblymen" let loose such mudslings. Their behaviour is unreasonable in any case.

Grain can be used as food, raw materials for light industry or feed for the development of livestock industry in a country.

Today many countries of the world, including the countries self-sufficient in food, import grain.

In the past period we exported grain to other countries or imported it from them, if necessary.

A rice bargaining is a usual thing among countries; it is commonplace among them.

Therefore, they should not behave as a benefactor while providing not a large amount of rice.

As far as the provision of rice is concerned, our side did not first ask for it, but they proposed it of their own accord. Such being the situation, for them to try to gain the respect of others is a breach of etiquette.

As the world knows, when the South Korean people were suffering from flood damages in September 1984, we sent a huge amount of rice, cement, textiles, medicaments as relief supplies. We, however, did not use it for getting on the nerves of the South Korean side.

The South Korean authorities and some "parliamentarians" are raising a hue and cry over the provision of rice in a bid to get on the nerves of our side.

This shows that they do not deal with the provision of rice in good faith, but use it for a sinister purpose.

We cannot remain an onlooker to the fact that they use the provision of rice for a sinister aim.

If the South Korean authorities persist in making unnecessary utterances and getting on the nerves of our side, they will never get anything good.

Handbills Praising Kim Il-song Found in South

*SK1607093595 Pyongyang KCNA in English
0832 GMT 16 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 16 (KCNA) — Handbills praising the immortal exploits of the great leader President Kim Il-song were scattered in different parts of South Korea on the first anniversary of his death, the Seoul-based Radio Voice of National Salvation reported.

Handbills in the name of the Paektu Society were scattered on the Poramae Park in Seoul on July 3.

They read "President Kim Il-song is a great man peerless in history and the savior of the Tangun nation. He is and will always be with us."

Handbills in the name of the "Society for the Commemoration of the First Anniversary of the Death of President Kim Il-song" were scattered in Kwanak District where Seoul National University is situated on that same day. Seen on the handbills were the letters "July 8 is the first anniversary of the death of President Kim Il-song, a genius produced by heaven. Let us all pray in humble reverence for the soul of President Kim Il-song, the sun of the nation and teacher of humankind." As

well as the three stanzas of the immortal revolutionary song "Song of General Kim Il-song" together with the notes.

The letters "Long live president Kim Il-song, a great man produced by heaven!" written on the wall of a public building in Okchon County, North Chungchong Province, drew attention of the passers-by on July 4.

Hundreds of handbills in the name of the Hyangil Society were scattered in downtown Taegu on July 5. They called for exalting the great exploits of President Kim Il-song, adding that "the leader Kim Chong-il is the same as President Kim Il-song. Let us uphold the noble intention of the leader Kim Chong-il and realise President Kim Il-song's will for reunification."

Pomminnyon Committees Formed in South

*SK1407213395 Pyongyang KCNA in English
1544 GMT 14 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 14 (KCNA) — The preparatory committee of the North Cholla Provincial Federation of the South side headquarters of the National Alliance for the Country's Reunification (Pomminnyon) was formed on June 25 and the Taejon, South Chungchong Provincial Federation of the Pomminnyon South side headquarters on July 4.

The inaugural meetings adopted declarations.

The declaration of the preparatory committee of the North Cholla Provincial Federation of Pomminnyon South side headquarters said:

Availing ourselves of this opportunity, we solemnly pledge to all people in North Cholla Province and the 70 million fellow countrymen to distinguish ourselves in all struggle to expand and develop Pomminnyon and achieve the independent and peaceful reunification of the country by confederal formula in the 90s.

The declaration called for inciting the desire of broad segments of people for reunification, promoting the great unity of the nation, building a unified state by confederal formula through wide-range negotiations reflecting the will of the nation and thus realising the historical objective of national reunification.

A special proposal headlined "Let Us Get 'National Security Law' Scrapped and Accelerate Reunification of the Country!" addressed to all national democratic movement organisations in North Cholla Province was made public at the inaugural meeting.

The inaugural declaration of the Taejon, South Chungchong Provincial Federation of Pomminnyon South side headquarters declared its formation to the 70 million

fellow countrymen and laid stress on waging a more courageous struggle for reunification under the banner of the great unity of the nation.

Trade Unions, Chondoists Send Letters to South

SK1507051095 Pyongyang KCNA in English
0507 GMT 15 Jul 95

[FBIS Transcribed Text] Pyongyang, July 15 (KCNA) — The Central Committee of the General Federation of Trade Unions of Korea and the Central Guidance Committee of the Korean Chondoists Association respectively sent letters to their South Korean counterparts—the National Council of Trade Unions, the National Industrial Unions, the Central Headquarters of Chondoism and the General Headquarters of Taejonggyo—proposing to successfully hold a grand festival for national reunification on the 50th anniversary of national liberation.

The letters said among other things:

"If the 50th anniversary of national liberation is jointly celebrated, we will more deeply feel that our nation are of one and the same blood, and open a new epoch in the reunification movement.

"The South Korean authorities, however, are trying to frustrate pro-reunification events which people in the North, the South and overseas plan to jointly hold at Panmunjom around August 15. The situation shows that unless the South Korean authorities' anti-reunification campaign is smashed, national reconciliation, unity and peaceful reunification cannot be achieved."

The letters expressed the hope that the organizations in South Korea would take an active part in the struggle to smash the machinations of those against the August 15 festival and hold the joint festival of the nation for reunification.

Japan Urged To Compensate 'Comfort Women'

SK1507223895 Pyongyang KCNA in English
1514 GMT 15 Jul 95

[FBIS Transcribed Text] Pyongyang, July 15 (KCNA) — An international seminar of the international commission of jurists on the wartime slavery which was held in Tokyo adopted a final statement on July 4 urging the Japanese Government to open to the public all data on how women were drafted and treated in the "comfort centres" and how the centres were operated and maintained and adopt a proper law to immediately compensate the victims.

The Japanese Government recently revealed its intention to bury the criminal case of "comfort women for the Japanese Army" by means of setting up "Asia Peace and

Friendship Fund for Women", the statement said. This cannot be the government's step for the honest postwar settlement including the "comfort women" issue.

The statement called upon all the participants in the seminar to support the victims and demanded establishment of a permanent international criminal court to punish those who committed the war crime and crimes against humanitarianism.

Former Comfort Women Testify

SK1707052195 Pyongyang KCNA in English
0512 GMT 17 Jul 95

[FBIS Transcribed Text] Pyongyang, July 17 (KCNA) — Moctar Amadou Cisse and Petra Maarit Kohonen [spelling of names as received], assistants to the U.N. special reporter on assaults on women, heard testimonies of four former "comfort women for the Japanese Army" in Pyongyang on Sunday [16 July].

The four victims branded the "comfort women" issue as a heinous international crime and an anti-ethical crime without precedent in human history. At that time, the Japanese Government and military forcibly drafted more than 200,000 women as sex slaves for the "Imperial Army" and brutally killed most of them under the state policy.

Pak Yong-sim, who lives in Neighbourhood Unit 29, Chongsan-ri, Kangso District, Nampo Municipality, said:

"In March 1938 when I was seventeen, I was drafted by a Japanese policeman and subjected to a disgraceful life as a 'comfort woman' in aggression war fields of Japanese imperialism such as Nanjing and Shanghai of China, Vietnam and Myanmar [Burma].

"Every day I had to serve 30 to 40 Japanese soldiers despite bombs and shells exploding near by. Only four of the 12 Korean girls taken to Myanmar survived, but had to be detained in POW camps together with remnants of the Japanese Army.

"Because of my life as a 'comfort woman' for eight years, I could not play the role of a woman and became a sick person with a heart disease and neurasthenia. The criminal acts of the Japanese are indescribable."

Chong Ok-sun, who lives in Neighbourhood Unit 8, Sayon-ri, Kangnyong County, South Hwanghae Province, said:

"When I was fourteen, I was recruited while carrying water from a well. The Japanese garrison took me to the northern border city of Hyesan, where I had to serve as a 'comfort woman' together with some 400 girls aged about 20.

"The Japanese killed 210 'comfort women.' One day, they urged us to raise our hands to express our readiness to serve 90 to 100 soldiers in a day. 15 girls who did not raise their hands were killed in cold blood on the spot.

"When a girl protested, the Japanese stripped her naked, rolled her on a spike board and cut her neck in front of us.

"We were shocked and wept. At that time, the company commander, whose name was Yamamoto, yelled: 'They are crying because they have not taken meat. Boil the dead girls and let them eat the meat.' And they forced us to eat the boiled dead girls."

Chang Su-wol, who lives in Neighbourhood Unit 52, Chilgol-tong No. 3, Mangyongdae District, Pyongyang, said:

"I was cheated by the Japanese, who told me I would be able to earn much money. I was taken to China and forced to serve as a sex slave. I cannot die before I avenge myself on the Japanese, who made me crippled physically and mentally."

The former "comfort women" said Japan's plan to set up a "Peace Foundation for Friendship With Asian Women" is a crafty and foolish trick to avoid the state liability for the past crimes and tone down the increasing public criticism with a few pennies collected from its people.

The Japanese Government can never avoid its liability for the past crimes, they said, urging it to open to the public the truth of the "comfort women" issue and to make a proper apology and state compensation.

The U.N. officials separately met with Yi Mong-ho, chairman of the fact-finding Committee on the Damages of the Japanese Imperialists' Occupation of Korea, and Yi Song-ho, chairman of the Measure Committee for Japan's Compensation to the Former "Comfort Women" and the Victims of the Pacific War, on Sunday.

Foreign Papers Carry Kim Chong-il's Work

*SK1507151695 Pyongyang KCNA in English
1504 GMT 15 Jul 95*

[All papers' names as received]

[FBIS Transcribed Text] Pyongyang, July 15 (KCNA) — The gist of "Giving Priority to Ideological Work Is Essential for Accomplishing Socialism," a famous work of the great leader Comrade Kim Chong-il published on June 19, 1995, was carried by the Russian papers GLASNOST and BUMBARYASH, the Nepalese papers OBSERVER and HINDU SAPTAHIK, the Syrian paper SYRIA TIMES, the Malian paper AURORE, the

Yemeni paper AS-RAI AL-AAM and the Ugandan paper THE MONITOR.

In the preface, the Nepalese paper HINDU SAPTAHIK said his excellency Kim Chong-il, the great leader of the Korean people, has extraordinary wisdom and superb commanding art and is wisely leading the Korean people to struggle for the development of the country and the final victory of socialism.

The wonderful achievements of Korea are all associated with the outstanding guidance of his excellency Kim Chong-il, the great leader, the paper said, adding that he systematised the chuche idea into a scientific doctrine and enriched it.

Kim Chong-il's Work on Chuche Idea Viewed

*SK1507104095 Pyongyang KCNA in English
1029 GMT 15 Jul 95*

["Guide in Education in Chuche Idea" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 15 (KCNA) — The famous work of the great leader Comrade Kim Chong-il "On Some Problems of Education in the Chuche Idea" is a highly important guide in education in the chuche idea. An article of NODONG SINMUN today says this, and goes on:

The work was published on July 15, 1986. It is a monumental work that further deepened and developed the chuche idea and powerfully proved the greatness of the idea and a highly important work giving answers to the theoretical and practical questions arising in strengthening the education in the chuche idea as demanded by the situation.

The work indicated that education in the chuche idea means education in the monolithic ideology of our party. It clearly illuminated that the most important aspect of education in the chuche idea is to make the party members and the working people have a full understanding of the driving force of the revolution, firmly establish a revolutionary attitude to the leader and have a correct understanding of the advantages of the socialist system.

Therefore, the work has become an immortal militant banner to further improve and strengthen the ideological work of our party and light up the Korean-style socialism.

The work has been successfully embodied in the ideological work of our party for modelling the whole society on the chuche idea and the Korean people's struggle of socialist construction. It has displayed and proved its great vitality and validity.

Today the *chuche* idea is the steadfast guiding idea of our party, a firm maxim and belief of our people in their struggle and life. The whole society is filled with the *chuche* idea and the entire people are breathing, thinking and acting as demanded by the idea. The revolution and construction are guided by the *chuche* idea. Korea is vibrant, invincible and dignified thanks to the *chuche* idea. It is a result of the wise leadership of the great leader Comrade Kim Chong-il, who ceaselessly deepened and developed the education in the *chuche* idea from long ago.

The work has a great significance and vitality.

Above all, it has helped the members of our party and working people regard the great *chuche* idea as their firm conviction and staunchly maintain it.

It fully explained the theory on the driving force of the revolution and a revolutionary attitude regarding the leader, which served as a powerful ideological weapon to train the party members and working people into true revolutionaries of the *chuche* type. It also helped bring the advantages of Korean-style socialism into full play.

Kim Chong-il Receives Messages From Abroad

From Foreign State, Party Heads

SK1507050795 Pyongyang KCNA in English
0501 GMT 15 Jul 95

[FBIS Transcribed Text] Pyongyang, July 15 (KCNA) — The great leader Comrade Kim Chong-il received telegrams from Algerian President Liamine Zeroual, Angolan President Jose Eduardo dos Santos, Equatorial Guinean President, Head of State and Founder-Chairman of the Democratic Party of Equatorial Guinea Obiang Nguema Mbasogo and Ugandan President Yoweri Kaguta Museveni on the first anniversary of the death of the great leader President Kim Il-song.

They express deep sympathy and condolences to Comrade Kim Chong-il on the first anniversary of the death of President Kim Il-song.

They extend the belief that the revolutionary cause of Korea started by President Kim Il-song will be accomplished successfully under the wise leadership of Comrade Kim Chong-il.

They affirm that they will continue to strengthen and develop friendly and cooperative relations between their countries and Korea.

Comrade Kim Chong-il also received telegrams from Chitta Bash, general secretary of the Central Committee of the All-India Forward Bloc; Dilip Barua, general secretary of the Central Committee of the Communist Party of Bangladesh (Marxist-Leninist); Khale-

quzzaman Bhuiyan, convenor of the Central Committee of the Socialist Party of Bangladesh; and Roland Atta-Kesson, national chairman of the National Convention Party of Ghana.

From Foreign Party Leaders

SK1707050995 Pyongyang KCNA in English
0502 GMT 17 Jul 95

[Spelling of all names as received]

[FBIS Transcribed Text] Pyongyang, July 17 (KCNA) — The great leader Comrade Kim Chong-il received telegrams from foreign party leaders on the occasion of the first anniversary of the death of the great leader President Kim Il-song.

Among them are C.R. Aslam, president of the Pakistan Socialist Party; A.F.M. Mahbubul Huq, convenor of the Central Committee of the Socialist Party of Bangladesh; Hasanul Huq Inu, general secretary of the Central Executive Committee of the Bangladesh National Socialist Party; Iqbal Ahmed Khan, secretary general of the Pakistan Muslim League and chairman of the Islamic Committee of Pakistan; Daniel Ortega Saavedra, secretary general of the Sandinista National Liberation Front of Nicaragua; Eustoquia Contreras, general secretary of the People's Electoral Movement of Venezuela; Pedro Ortega Diaz, president of the Central Committee of the Communist Party of Venezuela; and Chairman Victor Sanchez Bilagra and General Secretary Ricardo Esti Garribia of the February Revolutionary Party of Paraguay.

In the messages they expressed the most sincere condolences to Comrade Kim Chong-il on the first anniversary of the death of President Kim Il-song.

They expressed invariable international solidarity for Comrade Kim Chong-il who is wisely leading the Korean people who are pushing ahead with socialist construction for the sovereignty of the country and its peace and reunification, smashing the manoeuvres of the imperialists, true to the behests of President Kim Il-song.

From Japanese

SK1507103595 Pyongyang KCNA in English
1019 GMT 15 Jul 95

[FBIS Transcribed Text] Pyongyang, July 15 (KCNA) — The great leader Comrade Kim Chong-il received a letter from the members of the "Japanese Society for Honoring the Memory of President Kim Il-song", including members of the House of Representatives Hajime Ishii and Toichiro Kuno, member of the House of Councillors Sumiko Shimizu and general secretary

of the Japan Social-Democratic Party Wataru Kubo, on the occasion of the first death anniversary of the great leader President Kim Il-song.

In the letter they say President Kim Il-song, who devoted his 80 odd year long life to the people, regarding the idea of "believing in the people as in heaven" as his maxim, was a peerless hero produced by the 20th century and a giant of the times.

The letter further says:

His indiscriminate loving care for the Japanese people for improved relations with Japan, a neighbouring country, will be handed down forever as a model of true love for people and of friendship indicated by the enduring chuche idea.

President Kim Il-song will be immortal in our hearts.

His idea and feats will remain an undying light in the hearts of the Japanese people who love independence, democracy and peace.

President Kim Il-song will be immortal with Your Excellency Kim Chong-il.

You, who have personified the president's idea, guidance and benevolence are the same as him.

We pay respect, from the bottom of our hearts, to the heroic Korean people, who are dynamically moving forward to defend Korean-style socialism and improve relations with Japan and the U.S.A., rallied close around Your Excellency Kim Chong-il, in hearty response to the president's behests.

We sincerely pray for the soul of President Kim Il-song, the great teacher.

We wish respected Your Excellency Kim Chong-il good health and a long life and your country development.

Commemoration of Kim Il-song Death Continues

Service Held in Seoul

*SK1507052595 Pyongyang KCNA in English
0517 GMT 15 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 15 (KCNA) — A memorial service was solemnly held in Seoul on July 8 in the presence of public figures on the occasion of the first death anniversary of the great leader President Kim Il-song, Seoul-based radio Voice of National Salvation said.

The brief biography of President Kim Il-song was introduced, followed by an address entitled "President Kim Il-song Is Immortal" by a Priest Kim Kyu-son (assumed name) of the Catholic Priests' Council for Justice.

In his address he said that the 80 odd year long life of the president was a great biography because he always shared destiny with the people, devotedly worked for the creation of a new history of national revival and self-existence and made all efforts for progress of humankind.

He went on to say:

The history of the nation spanning five thousand years does not know such a great hero and a great sage as you. You are the eternal spirit, soul and life of the nation.

You were an incarnation of peace and justice and a hope of the oppressed people the world over; you were the first in history to meet a power's coercive, unfair dominationist order by a power with your matchless grit so as to show that a nation, weak and small as it is, is able to defend its dignity and become a great nation. Your prestige and fame were not limited by boundary or human race. Your intention was for humankind all the time. Your bosom was so broad a space that all people could be embraced. You were an honor and pride of the nation. And you were a fortune and joy for humankind.

President Kim Il-song, you never passed away.

You will be immortal because you left another you behind you. You are represented by the leader Kim Chong-il. The leader Kim Chong-il is precisely you.

Kumsusan Memorial Palace where you are preserved in state is a sacred palace for your reincarnation and immortality, and a sanctuary of the sun on the highest peak in the world.

We, under your brilliant sunrays, sincerely pray for your immortality towards the sanctuary of the great sun.

May you, President Kim Il-song, enjoy immortality.

Pomminnyon Sends Message

*SK1507103695 Pyongyang KCNA in English
1022 GMT 15 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 15 (KCNA) — The south side headquarters of the National Alliance for the Country's Reunification (Pomminnyon) sent a message on July 7 on the occasion of the first death anniversary of the great leader President Kim Il-song.

The message says it was very sorry to have failed to express condolences as a member of the homogeneous nation owing to the South Korean authorities' suppression at the time when the whole world was overcome with sorrow at the passing away of President Kim Il-song one year ago.

The great President Kim Il-song will be immortal and his behests on independent and peaceful reunification

will be a driving force in the historic development of national reunification, the message says, and adds: All the members of the Pominnyon South side headquarters sincerely honor the memory of President Kim Il-song.

Anniversary Marked Overseas

*SK1507103495 Pyongyang KCNA in English
1014 GMT 15 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 15 (KCNA) — Memorial services took place in many countries on the occasion of the first death anniversary of the great leader President Kim Il-song.

Attending a memorial service in Dar es Salaam on July 6 were speaker of the National Assembly Pius Msekwa, Minister of Education and Culture Philemon Sarungi and other officials of the party, government, parliament and public organisations, men of the press and academic figures of Tanzania.

Those present laid floral baskets and bouquets under a portrait of President Kim Il-song at the memorial service hall.

They observed a moment's silence in memory of President Kim Il-song.

The minister of education and culture in a speech said the august name of respected President Kim Il-song has been known to the world as the great leader of the people. That is why he has been kept long in memory by the world people who advocate justice, he said.

A similar function took place in Uganda on July 7, which was attended by Henry Kyemba, minister of state of the presidential office, on behalf of President Yoweri Kaguta Museveni, and political, military, public and academic figures.

Lying before a portrait of President Kim Il-song at the memorial service hall were floral baskets from the minister of state of the presidential office, the secretariat of the National Resistance Movement of Uganda, the National Resistance Army, the Kampala city Resistance Council, the Uganda-DPRK Friendship Association, and the Uganda National Committee for the Study of the Chuche Idea.

The minister of state of the presidential office in a speech said:

President Museveni often said that President Kim Il-song was a great leader.

Though the president passed away, he will be immortal for his great feats for the world revolution, said the minister of state.

He went on to say that the Korean people are firmly defending socialism under the wise guidance of His Excellency Kim Chong-il, the heir to the cause of President Kim Il-song.

On the occasion of the first death anniversary of President Kim Il-song memorial services were held by the Bulgarian Group for the Study of the Chuche Idea, the Bangladesh Self-reliance Research Academy, the Indian Chuche Institute of Journalists, the administration of the military museum of the Ministry of Defence of Egypt, the Cuba Chollima Shipyard, the Russian Central Museum of Armed Forces, and the Kazakhstan Association of Friendship and Culture Liaison With Foreign Countries.

Memorial services held at the Korean Embassies in Switzerland, Pakistan and Zambia were attended by the speaker of the National Assembly of Pakistan, the minister of information and broadcasting of Zambia, the national chairman of the Central Committee of the Workers' Party of Switzerland, and senior officials of the parliaments, governments, political parties and public organisations of these countries.

More Overseas Memorial Services

*SK1607084595 Pyongyang KCNA in English
0820 GMT 16 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 16 (KCNA) — A joint memorial service of political parties, organisations and personages was held in Peru on July 6, on the occasion of the first anniversary of the great leader President Kim Il-song's death.

It was attended by Angel Castro Lavarello, president of the National Executive Committee of the Left Revolutionary Union of Peru and chairman of the Peru-Korea Institute of Culture and Friendship; Tani Baler Lopera, general secretary of the National Executive Committee of the Union; Genaro Ledesma Izquieta, chairman of the People's Front of Workers, Peasants and Students; Alberto Moreno, general secretary of the Central Committee of the Communist Party of Peru (Red Motherland); and other personages.

The participants paid a silent tribute to the memory of President Kim Il-song.

Angel Castro Lavarello in his memorial address said that though respected Generalissimo Kim Il-song passed away, his august name, idea and exploits will be immortal together with the Kim Il-song nation and Kim Il-song Korea.

He said the idea and leadership of Generalissimo Kim Il-song is being fully carried forward by the great leader

Marshal Kim Chong-il and socialist Korea of chuche will be ever prosperous under his wise leadership.

A joint decision of the Peru-Korea Institute of Culture and Friendship and the Peruvian Committee for Supporting the Independent and Peaceful Reunification of Korea was read at the memorial service. It said that they decided to elect President Kim Il-song the greatest man of the world, make July 8 every year an international memorial day and hold different memorial functions in the June 10- July 10 period.

A memorial service took place at Josip Broz Tito memorial centre in Yugoslavia on July 2, on the occasion of the 1st anniversary of President Kim Il-song's death.

A floral basket in the name of the communist labor movement of Yugoslavia was laid before a portrait of President Kim Il-song in the memorial room.

It was attended by the chairman of the movement, Stevan Mirkovic; the president of the Central Committee of the League of Communists of Yugoslavia, Branko Roza; the president of the Yugoslav working class "Josip Broz Tito," Sinan Hudovic; and other officials and members of left political parties and personages in all strata.

Stevan Mirkovic said that it is a deep sorrow and a great loss for the people of Yugoslavia that Comrade President Kim Il-song, a worldwide great man, outstanding leader and close friend of the people of Yugoslavia, passed away.

He said that President Kim Il-song's cause will be successfully carried forward by the supreme leader Comrade Kim Chong-il.

Memorial services for the 1st anniversary of President Kim Il-song's death were held at the Communist Party-KPML [Marxist-Leninist Communist League] (R) in Sweden, the Revolutionary Communist Youth of Sweden the Cultural Centre in Cairo of Egypt, the meeting room of the Bulgarian Socialist Party, the All India Indo-Korean Friendship Association, the Indian Committee for Supporting Korea's Reunification, the Baktapur, Nepal, Society for Korean Studies, the France-Korea Friendship Association, the International Liaison Committee for Reunification and Peace in Korea, the Mongolia-Korea Friendship Society, the Mongolian Centre for the Study of the Chuche Idea, a company of Ghana and the Chollima Institute of Agricultural Science of Tanzania.

Foreign Party Heads Lay Flowers

SK1707044195 *Pyongyang KCNA in English*
0434 GMT 17 Jul 95

[Spelling of all names as received]

[FBIS Transcribed Text] Pyongyang, July 17 (KCNA) — Foreign party leaders visited Korean embassies in their countries, laid floral baskets and bouquets before portraits of the great leader President Kim Il-song and made bows in reverence for him on the first anniversary of his death. Among them are Stepanov, first secretary of the Communists Union of Russia; Dama Dramani, general secretary of the Togolese People's Rally; Chairman Werner Schulwese and Vice-Chairman Hans Wauer of the Central Committee of the Communist Party of Germany; Victor Voichita, chairman of the Romanian Party for New Society; Florian Petrescu, national chairman of the Socialist (Communist) Party of Romania; and Pantagi Alexandru, chairman of the Romanian Communist Party.

The National Political Committee of the Workers' Party of Mexico, the Socialist Workers' Party of Romania, I.A. Gerasimov, chairman of the Council of the Veteran Organisation of Ukraine, and its leading members, Govind Narain Srivastava, secretary general of the Asian Regional Institute of the Chuche Idea, Kilkwete, minister of finance of Tanzania, laid floral baskets and bouquets before portraits of President Kim Il-song hung at the DPRK missions abroad.

And floral baskets were sent to the Korean Embassy from the Indian Government, the Central Committee of the Communist Party of India (Marxist), the National Council of the Communist Party of India and Uton Muchtar Rafei, director of the Southeast Asia Regional Office of the World Health Organisation, on the occasion of the first death anniversary of President Kim Il-song.

Guinea Holds Memorial Service

SK1507051395 *Pyongyang KCNA in English*
0503 GMT 15 Jul 95

[FBIS Transcribed Text] Pyongyang, July 15 (KCNA) — A memorial service took place on the Koba Farm in Guinea on July 8 on the first anniversary of the death of the great leader President Kim Il-song.

It was attended by Guinean President Lansana Conte, Defence Minister Abdourahmane Diallo and other officials.

The Guinean president and the defence minister laid a floral basket before a portrait of President Kim Il-song in the service place.

The participants paid a silent tribute to his memory.

At the service, the Guinean president said his excellency the great leader President Kim Il-song will be alive in the heart of humankind for his idea and leadership exploits.

"We will never forget him," he stressed.

Exploits Praised in Guyana

*SK1407111795 Pyongyang KCNA in English
1012 GMT 14 Jul 95*

[FBIS Transcribed Text] Pyongyang, July 14 (KCNA) — Guyanese party leader and other personages spoke highly of the exploits of the great leader President Kim Il-song in their answers to questions put by the director of the KCNA editorial board on the first anniversary of his death.

Peter Persaud, leader of the Amerindian Action Movement of Guyana, praised respected Comrade Kim Il-song as a great leader and statesman, who devoted his whole life to the happiness of the heroic Korean people.

Hamilton Green, mayor of Georgetown of Guyana, said President Kim Il-song was the father, teacher and leader of all peace-loving people around the world.

Prof. Patrick Daniel of Guyana University said:

"President Kim Il-song turned Korea, once backward country, into an industrialized state and a people's paradise. The great leader steadily improved the standard of living of the Korean people on the basis of the chuche idea."

Malagasy, Peruvian Comment

*SK1707105495 Pyongyang KCNA in English
1031 GMT 17 Jul 95*

["President Kim Il-song, Supreme Elder of Politics" — KCNA headline; names as received]

[FBIS Transcribed Text] Pyongyang, July 17 (KCNA) — Answers to the questions raised by the director of the editorial board of the KCNA came from personages of Madagascar and a regional organization, on the occasion of the first death anniversary of the great leader President Kim Il-song.

Ralahy Paol, former chief of the General Staff of the People's Army of Madagascar, said that the Korean and world people lost the most prominent great man in the world one year ago, and that the Democratic People's Republic of Korea turned into a state powerful in politics, idea, economy and culture owing to the hard work and energetic leadership of the great Generalissimo Kim Il-song.

Gilberto Zapata Isaza, secretary general of the Latin American and Caribbean Regional Committee to Support Reunification of Korea, said the great leader Comrade Kim Il-song had fully personified traits of the supreme elder of politics and possessed wonderful knowledge about all affairs and his every word represented his warm love for the people.

Randriamanongy Frederik, deputy to the National Assembly of Madagascar and vice-chairman of the Madagascar-Korea Friendship Association, noted that everyone, who had been received by his excellency the great leader President Kim Il-song, was attracted by his benevolent personality and held him in high esteem as the father and teacher.

Praise From Peruvian, Ghanaian

*SK1707103595 Pyongyang KCNA in English
1021 GMT 17 Jul 95*

["President Kim Il-song, Sun of Chuche in 20th Century" — KCNA headline; all names as received]

[FBIS Transcribed Text] Pyongyang, July 17 (KCNA) — Answers to questions raised by the directors of the editorial board of KCNA and the editorial board of MINJU CHOSON came from a Peruvian party leader and Ghanaian figures, on the occasion of the 1st anniversary of the great leader President Kim Il-song's death.

Genaro Ledesma Izquieta, chairman of the People's Front of Workers, Peasants and Students of Peru, said that he had the honor of meeting President Kim Il-song thrice, and added:

The president was a historic great man who enjoyed worldwide authority and fame, and the Korean people and all people of the world aspiring after socialism held him in high esteem.

George Quaynor Mettle, member of the parliament of Ghana, made a detailed mention of the exploits of President Kim Il-song saying that he is immortal as the greatest and prominent leader for the 20th century, and continued:

Though President Kim Il-song passed away to the regret of the people of the world, he is an immortal leader, great statesman, benevolent father and outstanding teacher, who will enjoy reverence and love of all generations to come.

He emphasized that they will live keeping the president in all hearts of them forever.

Akuwa, vice minister of youth and sports of Ghana, said: "President Kim Il-song's was the life of an extraordinary great man shining for his immortal exploits.

He is the father of Korea, hero of the nation, elder of the world politics and wise teacher of all of us."

He emphasized that President Kim Il-song is the sun of chuche for the 20th century and the great leader Kim Chong-il is the lodestar who will lead the 21st century.

Foreign Media on Anniversary

SK1407213495 *Pyongyang KCNA in English*
1517 GMT 14 Jul 95

[FBIS Transcribed Text] Pyongyang, July 14 (KCNA) — Foreign news media gave special writeups on the occasion of the first death anniversary of the great leader President Kim Il-song.

Newspapers carried portraits of President Kim Il-song and articles on his revolutionary exploits.

The Russian paper PATRIOT No. 26 devoted one whole page to a special writeup under the banner headline "On the Death Anniversary of Comrade Kim Il-song."

It carried the full text of a decision on preserving President Kim Il-song in state and an article captioned "His Exploits Will Shine With the Century."

The article says though Comrade Kim Il-song passed away, he will be immortal with progressive humankind of the whole world. He, it notes, is the greatest leader ever known in human history.

The Ugandan paper THE TRIBUNE on June 30 carried articles under the banner headline "President Kim Il-song Will Always Be With Us." The whole life of respected President Kim Il-song was that of an outstanding leader, an elder statesman of the world and a great revolutionary who added lustre to the present times, the paper says.

The June 19 issue of the paper in an article entitled "Why Do People Highly Praise President Kim Il-song as the Sun in the Sky?" says it is because President Kim Il-song was a peerless great man endowed with distinguished natural disposition.

The Madagascar paper IMONGO VAOVAO June 30 says the most important of President Kim Il-song's feats is that he founded and applied the chuche idea and built an anthropocentric socialist society where the singlehearted unity of the leader, the party and the masses has been solidified as firm as a rock.

The Indian papers SACHY BILKUL SACHY June 29 and SAMACHAR POST June 28 introduced the brief biography of President Kim Il-song and his enduring feats, saying that he devoted his all to the happiness of the people to the last moment of his life.

Under the bannerline "His Excellency the Great Leader President Kim Il-song Will Be Immortal in the Heart of Humankind" the Pakistani paper NIDAE WAQT June 25 carried articles and a picture of his old home in Mangyongdae.

The Senegalese paper LE TEMOIN June 27 ran an article titled "Looking Back on Feats of Great Man", which says even high-ranking statesmen of those countries which have long been hostile toward Korea expressed unquestioned respect and reverence for his excellency the great leader Kim Il-song and it is because he was a great man endowed with distinguished character.

The Tanzanian paper MWANAUNCHI, the Yemeni paper SAUT AL YEMEN and the Iranian paper TEHERAN TIMES carried special writeups on the first death anniversary of President Kim Il-song.

The July issue of the Peruvian magazine AGRONOTICIAS gave a special writeup on Korea's achievements in agriculture with a picture of President Kim Il-song giving on-the-spot guidance to the agricultural work.

A book *History 1994* published in Peru tells of President Kim Il-song's foundation of the chuche idea and his warm love for the people.

On the occasion of President Kim Il-song's first death anniversary special programmes were broadcast by Onitsa TV of Nigeria, TVS of Nepal and Equatorial Guinea, and Radio Formula of Mexico. They highly praised his immortal feats, stressing that he will be immortal in the heart of humankind.

'Western-Style' Human Rights Criticized

SK1507105695 *Pyongyang KCNA in English*
1035 GMT 15 Jul 95

["NODONG SINMUN on Western-Style 'Human Rights'" — KCNA headline]

[FBIS Transcribed Text] Pyongyang, July 15 (KCNA) — If the imperialists are trying to encroach upon sovereignty of other nations and realise their dominationist design by abusing human rights, while acting an "international judge of human rights," they will meet bitter denunciation by the world people as the enemy of human rights, says NODONG SINMUN in a by-lined article today.

They are forcing other nations to accept the Western-style "standard of human rights," the paper says, and continues:

Such an act of theirs is aimed at seeing those countries being replete with ideological trends and political forces of all hues so that the counterrevolutionaries who

have been ostracized or have been hiding themselves, rejected by the people, may freely engage in subversive activities. In this way, the imperialists intend to obliterate the people's struggle for independent development and the building of a progressive society and put those countries again under their domination and control.

The imperialists, wielding the "stick of human rights," are threatening nations out of their favor, the socialist countries, and putting political and diplomatic pressure and taking economic sanctions against them. With the Western-style "standard of human rights" as the "standard yardstick," they are making a distorted appraisal of human rights in socialist countries and other countries which maintain independent stand and speaking ill of them.

Worse still, they are abusing the socialist countries as "dictatorial society" and intensifying the anti-socialist offensive under the pretext of the "human rights problem."

It is ridiculous for them to slander the socialist countries over the issue of human rights.

It is only the socialist society in the world that substantially ensures the independent rights, human rights of the popular masses.

As regards the issue of human rights, however, the imperialists are claiming that socialism is bad and capitalism is good. This is a reversed, brigandish logic.

With any preposterous sophism, can the imperialists never justify their reactionary "policy of human rights."

Farmers Preparing for Bumper Crops

Pyongyang Region

*SK1307111795 Pyongyang Korean Central
Broadcasting Network in Korean
2100 GMT 12 Jul 95*

[FBIS Translated Text] Functionaries and agricultural working people of the rural economic sector in Pyongyang are deeply moved and touched by the opening ceremony of Kumsusan Memorial Palace, which was solemnly held with the great leader Comrade Kim Chong-il present. They are vigorously accelerating the present task of fertilizing and irrigating the crops in accordance with the demands of the chuche farming method. Reporter Kim Chol-sik of Central Broadcasting interviewed Comrade Han In-chol, a department chief of Pyongyang Municipal Rural Economy Committee:

[Begin Han recording] All cooperative farms of the Pyongyang Municipal Rural Economy Committee are overwhelmed by the news of the solemn opening cer-

emony of Kumsusan Memorial Palace with the great leader Comrade Kim Chong-il present. We are vigorously accelerating the present task of fertilizing and irrigating the crops in accordance with the demands of the chuche farming method, with one will to achieve bumper crops. Bearing the faith and will that the fatherly leader is with us forever, Wiwon and Songsin cooperative farms in Sadong district, Hwasin cooperative farm in Yongsong district, Pongwha cooperative farm in Kangnung County, Samsong and Tongsan cooperative farms in Pyonghwa County, Songnam cooperative farm in Nangnang district, Changso cooperative farm in Samsok district, and all other cooperative farms in the city are focusing on the present task of weeding paddies and fields. They are putting their strength into the weeding of the paddies and fields every week or every other week lest grass should grow, making all the paddies and fields like flower beds.

Particularly, Changchon cooperative farm in Sadong district and Taesong district cooperative farm, where glorious historical sites of the fatherly leader are located, are doing all farming work thriftily and methodically, with a position befitting the master, in order to achieve bumper crops, bearing in their hearts the great leader's eternal image. They are scientifically and technologically weeding, fertilizing, and irrigating according to the growing conditions of rice and corn so that not a blade of rice or corn is damaged by the rain and storm. As you can see in any cooperative farm and any field in the city, all crops are in very good condition.

Greatly moved by the laying of the fatherly leader in eternal state at Kumsusan Memorial Palace, we will continue to give strength to the fertilization and irrigation of the crops, manage all paddies and fields like flower beds, and achieve bumper crops in the significant 1995, the 50th founding anniversary of the party, devoting all our loyalty and filial piety to the great leader Comrade Kim Chong-il. [end recording]

South Hwanghae Province

*SK1307083895 Pyongyang Korean Central
Broadcasting Network in Korean
2100 GMT 11 Jul 95*

[FBIS Translated Text] Cherishing a rock-firm faith that the fatherly leader will always be with us, agricultural workers in South Hwanghae Province are directing efforts for fertilization and cultivation of rice paddies and fields determined to reap a bumper harvest this year, and thus are effecting great success.

Comrade Yi Ung-chil, deputy section chief in South Hwanghae Provincial Rural Economy Committee who

met with reporter Yun Pong-ho from the Central Broadcasting Network, said:

[Begin Yi recording] Agricultural functionaries and agricultural workers in our province, with ardent yearning for the fatherly leader, are vigorously trying to accomplish his lifetime teachings.

The farming situation is very good in Yonbaek field, including Kumsong cooperative farm in Taechon County, the glorious site where the fatherly leader visited on 31 August 1993; Onyon and Chontae cooperative farms in Yonan County; and Chongsong cooperative farm in Chongdan County.

Agricultural workers in these places resolved to accomplish the teachings given by the fatherly leader in his lifetime, when he visited their farms. Not relaxing the spirit with which they transplanted rice in a timely manner, they concentrated efforts on weeding rice paddies and fields and completed the weeding by reweeding three and four times. As a result, all crop growth is excellent.

In particular, agricultural workers in Kumsong, Chontae, and Chongsong cooperative farms directed efforts to producing methane gas in a bid to use their own strengths to resolve the energy problem. They operated tractors, rice-planting machines, and weeding machines in a normal way. Thus, they not only completed rice transplanting in a timely and qualitative way under difficult conditions, but also repeatedly carried out the weeding. As a result, the present farming situation is very satisfactory.

Agricultural workers in Ongjin and Chaeryong district, feeling guilty for failing to uphold the fatherly leader during his lifetime in a more satisfactory way, resolved to loyally hold the respected general in high esteem by carrying out their work in a more excellent manner. They repeatedly carried out the weeding of all fields and directed production of alternative fertilizers and compost. Thus, they applied large quantities of manure to rice paddies and fields. As a result, the farming condition in these areas is satisfactory.

Cherishing a firm faith to uphold the fatherly leader forever by increasing grain production, agricultural functionaries in our South Hwanghae Province will vigorously organize and mobilize the rock-firm will and zeal of agricultural workers to trust and follow the respected general like they trust in heaven when struggling to reap a bumper harvest this year. By reaping a rich harvest without fail, we will actively contribute to demonstrating once again to the entire world the might of chuche Korea, which is led by the great leader Comrade Kim Chong-il. [end recording]

Urban Workers Assist Farm, Coal Mine Workers

SK1307035895 *Pyongyang Korean Central Television Network in Korean* 1100 GMT 12 Jul 95

[FBIS Translated Text] At a time when party members and the working people across the country are advancing into difficult and arduous sectors, cherishing in their hearts the love that the great leader bestowed upon the people throughout his life, Comrades Chon Mi-hwa, Yi Tu-song, Kim Hae-yong, and Choe Sang-kil at the Central Heating Network Complex volunteered to advance into rural communities and a coal mine respectively.

They left for a rural community and a coal mine respectively with the sheer desire to uphold the respected and beloved General Kim Chong-il with rice production while recalling the great leader Generalissimo Kim Il-song's great efforts in order to provide our people with rice and meat soup until the last moment of his life.

On the other hand, Comrade Kil Sok-hum, worker at the Chuche Idea Academy, also volunteered to advance into (Chondong) Cooperative Farm in Unchon County together with his family members.

[Begin recording] [Kil Sok-hum] I think it is our people's duty to advance to socialist rural communities, upholding the fatherly leader's far-sighted rural construction plan. I will settle in the socialist rural community and produce more rice, thus giving only joy to the great leader General Kim Chong-il. [end recording]

South Korea

Possible Delay in U.S.-North Liaison Opening

SK1507005795 *Seoul YONHAP in English* 0054 GMT 15 Jul 95

[FBIS Transcribed Text] Washington, July 14 (YONHAP) — It is likely that the opening of U.S., North Korean liaison offices in their capitals will be delayed until after September due to a number of technical issues yet to be resolved between the two countries.

Citing such pending issues as communication security, diplomatic pouch transportation, selection and training of liaison office staff members as well as the selection of locations for the offices, reliable Washington sources speculated Friday, "Even if they rushed, it would be difficult to open liaison offices before the cool winds start to blow."

Some sources well versed in North Korean affairs, noting that the North is not in any particular hurry to complete the exchange either, opined that the possibility cannot be ruled out that the opening of liaison offices

could be delayed until year's end, should relevant negotiations between the two countries not go smoothly.

In a related move, liaison officer to North Korea Lynn Turk from the U.S. State Department Thursday met in New York with North Korean Minister Han Sang-yol at the North's mission to the United Nations to discuss pending issues related to the opening of offices.

No details of the meeting were disclosed, but it was learned that they exchanged views on such technical matters as U.S. plans to send a survey team to Pyongyang for the purpose of selecting a site for its liaison office and to review security matters involving liaison offices.

A Washington official merely disclosed that U.S. and North Korean working delegates discussed working-level matters.

U.S. Company To Head LWR Site Survey Team

SK1507100895 Seoul MUNHWA ILBO in Korean
15 Jul 95 p 1

[FBIS Translated Text] Concerning the work to provide the light-water reactors to North Korea, Foreign Minister Kong No-myong stated on 14 July that "It is very possible that the president of a U.S. subcontractor will be appointed to head the site survey team to be sent to North Korea early next month."

During the roundtable talks with reporters that day, Foreign Minister Kong stated: "Considering the effectiveness of the operation of the Korean Peninsula Energy Development Organization [KEDO], most of the KEDO projects will be carried out by private companies. In this case, all administrative steps will be taken in the United States. Therefore, we have no alternative but to select a U.S. company. However, this would not damage the principle that the ROK-model light-water reactors [LWR] will be provided to North Korea, and that the ROK should play a central role in the light-water reactors project.

The remarks by Foreign Minister Kong run counter to the government's previous position that an ROK company should play a central role in surveying the site, as well as to its explanation that "the role of the subcontractor is nothing but to run errands, such as applying for the visa issuance and making an overall report."

The assignment of a U.S. subcontractor as head of the site survey team could be regarded as meaning that the U.S. subcontractor will take the lead in carrying out the overall work of surveying the site. ROK experts in power plants have expressed dissatisfaction in this regard, saying that "because the site survey becomes

the basis of the power plant work, its overall project will be greatly affected depending upon who manages the data."

Frequency Allocation Dispute With U.S. Growing

SK1707001295 Seoul THE KOREA TIMES in English
17 Jul 95 p 8

[FBIS Transcribed Text] A mounting dispute over the allocation of frequency range for digital cellular communications is threatening to turn into yet another conflict between the Korean and U.S. government.

Industry sources said yesterday that American shareholders of Sinsegi Mobile Telecom said they would approach the Clinton administration with a protest should the Korea government decide to allocate a portion of the 10MHz they expect to operate from the beginning of next year to Korea Mobile Telecom [KMT].

KMT, currently the only provider of cellular phone services in the country, recently filed a request with the Information-Communications Ministry for the right to temporarily use 4 of the 10MHz of digital frequency.

Against the request, American Sinsegi shareholders, who own 20.98 percent of the new company, said they would go to their government if the ministry accommodates the frequency range allocation request.

Sinsegi officials said it is not fair for the government to even consider giving KMT more frequency since its contribution of 80 billion won (100 million dollars) in initiating the business means that they should get all of the 10MHz.

There is a total of 25MHz that can be used for cellular communications.

The main problem, ministry officials said, is that there is a certain logic in the KMT request. KMT is in the process of converting from analog to digital systems and requires a certain amount of time to complete the process.

KMT officials said it would only be "borrowing" the 4MHz for a couple of years so as not to damage the quality of its services in the process of making the analog-digital conversion.

They said that the company would return 1.5MHz at the end of 1997 and the remaining 2.5MHz by the end of the following year.

The problem, said one ministry official, is that in fact it would be virtually impossible for KMT to return the frequency since it will be in use and it will not be possible to cram the calls into the 15MHz range.

"At the same time, it is difficult to imagine Sinsegi launching its services with only 6MHz. Its business plan is built on the understanding that it will have access to all 10MHz," he explained.

Owing to the fact that countries are allocated certain frequencies for cellular communications, it is impossible to increase the range beyond 25MHz. "It is only in Seoul that this shortage occurs," the official elaborated.

Sinsegi, which will be launching its services early next year using digital CDMA (code-division multiple access) technology, is indeed in no mood to listen to the problems of KMT which has had a monopoly of the business.

One Sinsegi official said the company is investing as much as 1.2 trillion won (1.6 billion dollars) in installing its cellular communications systems and the least they can expect is that they be given the full 10MHz.

Observing that the allocation of the cellular communications frequency is not a bilateral issue, ministry officials said they will seek an amicable solution to the problem with hope that the two companies can reach a compromise.

U.S. Consul General Discusses Visa Issue

SK1707053695 Seoul CHOSON ILBO in Korean
14 Jul 95 p 37

[Interview with U.S. Consul General John Ratigan by reporter Kim Hyo-chae; place and date not given]

[FBIS Translated Text] It is extremely difficult to obtain a U.S. visa. These difficulties are multiplied by the increasing number of visa applicants, including students who want to enroll in the fall semester this September, company employees who are supposed to take business trips to the United States, and vacationers. I met with U.S. Consul General John Ratigan, 56, who will soon depart Seoul after a three-year tour of duty, to hear about the reasons for this problem and measures to cope with it.

[Kim Hyo-chae] Koreans suffer great inconveniences in obtaining U.S. visas. Their complaints are amplified by the limited number of travel agencies handling cases by proxy following the recent illegal visa issuance scandal.

[John Ratigan] The U.S. Embassy has placed limitations on travel agencies handling cases by proxy because the number of visa applications exceeded the limits of our handling capacity. The number of daily visa applications was over 2,000 when the limitation was not in place. When the number of accumulated visa applications reached 6,000 as of mid-June, the embassy temporarily placed limits on the number of cases by

proxy it received from travel agencies. As a result, the embassy could handle a considerable number of visa applications. The restriction is almost ready to be lifted.

[Kim] What is the embassy's current capacity for handling visa applications?

[Ratigan] In an ordinary season, excluding summer vacation, we receive 800 to 1,000 visa applications daily, and have no problem. When the embassy lifted the temporary restriction in early July, the number of visa applications reached 4,000 per day. With the current capacity for handling visa applications, we take at least two weeks to issue a tourist visa and about one month to issue a visa that requires an interview. I feel sorry for Koreans.

[Kim] While traffic between the ROK and the United States is increasing with the expansion of bilateral trade, it becomes all the more difficult to obtain U.S. entry visas. It is difficult to understand this. You have to take measures to promptly issue visas, such as increasing the number of employees in charge of the window.

[Ratigan] I understand what you mean. However, the financial situation of the U.S. Government is quite difficult. Government organizations have been drastically downsized to reduce financial deficits; the State Department is no exception. The line of people standing in front of the State Department's New York office and waiting to obtain U.S. passports is longer than that in front of the U.S. Embassy in Seoul.

[Kim] That is a matter between the U.S. Government and its citizens; this is a matter between countries. Some Koreans see such behavior by the U.S. Embassy as an affront to Koreans.

[Ratigan] What the State Department can do is increase the budget, and we have made efforts toward that end. However, there are limits.

[Kim] Are there any measures to improve the visa issuance procedure?

[Ratigan] The Consular Section has reinforced its manpower by deploying to the ROK some employees who work in the Philippines, and has recruited many temporary workers to cope with the increasing demand for summer visas. It has also computerized the visa process and introduced a drop-box system for those who reapply for visas and have good references (if a visa applicant puts his or her passport and the necessary documents into a box attached to the window of the Consular Section, a visa is automatically issued after a certain period). We are also trying to secure more space so more applicants can wait for interviews inside the waiting room.

[Kim] Many students are hot and bothered because it is uncertain whether they will be issued visas before the U.S. fall semester begins.

[Ratigan] We have a special plan for student visas. We received 400 student visa applications separately in December, and are now considering receiving student visa applications separately next week.

[Kim] How are you dealing with the illegal visa issuance case?

[Ratigan] We have greatly improved the operational procedures of the Consular Section following the incident. I believe such a disgraceful incident will never occur again.

North Hints at 'Breakthrough' in Economic Ties

SK1407114495 Seoul YONHAP in English
1100 GMT 14 Jul 95

[FBIS Transcribed Text] Beijing, July 14 (YONHAP) — The second-round South-North rice talks opening here Saturday may result in considerable achievements as communist North Korea seems positive toward economic cooperation with the capitalist South.

A North Korean source here, who wanted not to be identified, said, "We have always been the one who wants to do economic cooperation. It was rather the South that has discouraged South Korean industries' investment in the Najin-Sonbong free trade area."

He then strongly hinted that there may be a significant breakthrough in South-North economic cooperation once the additional rice issue is resolved satisfactorily.

The source even went so far as to suggest that North Korea would no longer stick to the issue of condolences over the death of Kim Il-sung.

"It's already one full year since that question popped up. We'd better watch the outcome of the rice talks," he said.

Up until recently, North Korea had been saying that to resume stalled South-North dialogue, South Korea should apologize for the failure to express condolences over Kim Il-sung's death in July last year.

Saying that infrastructural facilities could be completed in the Najin-Sonbong area by the end of next year, the source said North Korea hopes many South Korean industries would advance to the area.

Official Says North Preparing To Convene SPA

SK1707015795 Seoul SEOUL SINMUN in Korean
17 Jul 95 p 1

[FBIS Translated Text] A senior government official on 16 July said there are signs North Korea is making preparations for the convocation of its Supreme People's Assembly (SPA), and thus the possibility exists that an SPA session will be held in August or even as early as the end of July.

North Korea is supposed to make important state decisions at the SPA. If the SPA is held, it will probably discuss Kim Chong-il's official succession to power which was postponed following Kim Il-sung's death.

Kim Chong-il Expected To Rise To Power by Oct

SK1407131695 Seoul YONHAP in English
1053 GMT 14 Jul 95

[FBIS Transcribed Text] Seoul, July 14 (YONHAP) — North Korea's Kim Chong-il is expected to rise to full power by October this year, Kwon Yong-hae, director of the Agency for National Security Planning (NSP), said Friday.

Testifying at the National Assembly Intelligence Committee, Kwon said Kim Chong-il has already been in full control of North Korea.

"Indications are that Kim Chong-il will assume the state presidency of North Korea either on Sept. 9, the Pyongyang regime's anniversary date, or Oct. 10, 50th anniversary of the workers' (Communist) party," Kwon said.

On the shipment of rice to North Korea, the NSP chief said that though rice sacks show no markings at all, North Korean people know South Korean rice is being rationed in the North.

He said that since the South began to deliver rice to the North, North Korea's slanderous broadcast statements against the South have plummeted sharply.

"Before the rice shipment, they broadcast slanders and defamatory remarks about 150 times a day on the average, which have since declined to 30 to 40 times," Kwon said.

NSP on North's Use of International Crime

SK1507064995 Seoul KYONGHYANG SINMUN
in Korean 15 Jul 95 p 2

[By Kim Kyong-hong]

[FBIS Translated Excerpt] On 14 July, Kwon Yong-hae, director of the Agency for National Security Planning (NSP), stated: "North Korea is currently making a

smooth approach toward the United States while assuming a hard-line stance in inter-Korean relations. However, North Korea is showing signs of mitigating its denunciation of the ROK following the assumption of rice aid. I predict rice aid will serve as a bridgehead in normalizing inter-Korean relations."

At a session of the National Assembly Intelligence Committee, Director Kwon revealed: "Even though the rice has been delivered to North Korea without marks of origin, it is widely rumored among North Koreans that they are eating South Korean rice."

Saying that "signs of change are emerging in inter-Korean relations following the first anniversary of Kim Il-song's death," Kwon predicted: "A breakthrough in establishing peace on the Korean peninsula is expected sooner or later, with our traditional allies—the United States and Japan—moving rapidly to normalize relations with North Korea."

Director Kwon further stated: "North Korea produces \$10 million worth of counterfeit money annually at the '110 Liaison Office' located on the outskirts of Pyongyang, and circulates it through its overseas trade companies." He added: "Furthermore, North Korea is actively using such international crimes as part of its operations against the ROK, which is a new factor threatening our country's security."

Regarding the movements of international terrorist organizations, Director Kwon revealed: "Unlike the U.S. Mafia or Japanese Yakuza, which engage mainly in drug trafficking and entertainment, Russian organized crime and a similar Chinese organization called 'Sanhehui,' possess weapons of mass murder." He added: "According to information, these gangster organizations are attempting to infiltrate our country, with North Korea attempting to use this opportunity to become involved in drug trafficking and weapon smuggling."

He then stated: "These organizations consist of various criminals, including specialized criminals, intellectual criminals, and extensive-area criminals [kwangyok pom]. They are hard to track down since they are compartmented. North Korea is attempting to use these organizations in its operations against the ROK. Therefore, state-level measures must be mapped to counter this, and without a moment's delay." [passage omitted]

Seoul Considers Proposing Peace Agreement Plan

SK1507092495 Seoul CHUNGANG ILBO in Korean 15 Jul 95 p 1

[Report by Kim Min-sok and Yi Sang-il]

[FBIS Translated Text] The government is positively studying a plan to propose to North Korea a compre-

hensive "peace plan on the Korean peninsula" on 15 August, the 50th anniversary of national liberation. The main point of the plan is to replace the present Armistice Agreement with a peace agreement between relevant authorities of North and South Korea.

It has been learned that the peace agreement plan currently under review by the government will reportedly be a "2 + 2" formula, in which North and South Korea, and the United States and China, who were the participants in the Korean War, will be involved. The relevant authorities of North and South Korea would sign this agreement while the United States and China would guarantee it.

The government is reviewing the plan to include this proposal in President Kim Yong-sam's congratulatory speech on the 15 August anniversary of national liberation. It was learned that this ROK stance will be fine-tuned during summit talks between President Kim Yong-sam and U.S. President Clinton when President Kim visits the United States late this month.

On 14 July, a high-ranking government official said: "During the upcoming summit, the issue of dissolving the UN Command as a follow-up step to the conclusion of a peace agreement on the Korean peninsula; the management system and operational method in the DMZ [demilitarized zone]; the issue of reinstating wartime operational rights, and the issue of the status of the U.S. Forces in Korea, will be discussed. In addition, the issue of readjusting the timing between the improvement in the DPRK-U.S. relations following the opening of liaison offices and the conclusion of the North-South peace agreement will also be discussed."

However, the official added that "the decision on whether the proposal for a '2 + 2' peace agreement will remain merely a declaration or will include follow-up issues, including the future of the UN Command, has not been finalized."

In the event that a peace agreement is realized between North and South Korea, the armistice status of the North and the South will enter an end-of-the-war status.

South, North Continue Rice Talks

SK1607103095 Seoul YONHAP in English 1011 GMT 16 Jul 95

[FBIS Transcribed Text] Beijing, July 16 (YONHAP) — Officials of South and North Korea met here Sunday for the second consecutive day on the South's provision of additional rice aid to the North but they are not likely to produce agreement because of differing positions, according to informed sources here.

The Unification Ministry's Information Analysis Bureau Chief Kim Hyong-ki, emerging from the three-hour talks, said that representatives of the two sides had sincere and heated discussions from 10 AM to 1 PM at a hotel where the North Korean delegation were staying.

Kim, however, did not elaborate on the content of the talks, just saying that "the North side did not raise an issue with a specific amount of additional rice aid."

He also said that the two sides did not have differences over whether the additional rice aid should be made on a grant or loan basis.

Kim added that neither side raised the issue of inter-Korean summit during the talks.

Informed sources said that it will be very difficult for the two sides to produce agreement during the second round of rice talks, noting that the North wants to conclude the rice provision issue first and then move to other inter-Korean issues.

Meanwhile, the South is determined to negotiate the rice issue and other issues including repatriation of a Korean fishing boat Usong No.86 recently abducted by the North and projects for expansion of economic cooperation between the South and North in a package, they said.

The two sides again will meet Monday morning for the third straight day to narrow differences over those issues, they said.

The meeting was originally supposed to end tomorrow.

2.3 Million Tonnes Requested

SK1607045495 Seoul KYONGHYANG SINMUN in Korean 16 Jul 95 p 2

[By correspondent Sin Yong-su, Beijing]

[FBIS Translated Text] On 15 July, the North and South Korean delegates held their first meeting at the China Hotel in Beijing. They discussed matters related to the additional provision of rice to the North as well as the overall improvement of inter-Korean relations, including the resumption of North-South economic cooperation.

In the talks, which began at 1000 [0200 GMT] in the morning and continued for two hours and 10 minutes, our side proposed providing the North with 50,000-100,000 tonnes of rice as credit assistance in addition to the 150,000 tonnes of grant-type aid agreed to in the previous round of talks.

Our side noted that the provision of rice to the North is based on pure compatriotic love, and thus urged the North to take compassionate steps toward their fellow

countrymen in response to our efforts, such as repatriating the Usong crew as soon as possible; restraining from vilifying the South; expanding exchanges with the South, such as economic cooperation; and arranging for the reunion of separated families.

In response, the North is reported to have said Pyongyang expects the South to provide it with 2.3 million tonnes of rice. Thus the amount of rice proposed by the South in the 15 July talks was far too small.

During the 15 July talks, the North showed an active attitude by having Yim Tae-tok, vice chairman of the Committee for the Promotion of Economic Cooperation and manager of the Najin-Sonbong Special Economic Zone, attend the meeting as a delegate. The North reportedly stated: "We are prepared to have a full-fledged discussion of the issues regarding economic cooperation once the rice issue is settled."

After the talks, Kim Hyong-ki, a delegate from our side and the director of the Information Analysis Department of the National Unification Board, said: "We intend to have extensive discussions with the North on issues of mutual concern as well as on the rice issue. However, the North appears to be trying to limit the present talks to an extension of the first round of rice talks."

The two sides will meet for a second day on 16 July.

Other Issues Discussed

SK1507114395 Seoul YONHAP in English 1128 GMT 15 Jul 95

[FBIS Transcribed Text] Beijing, July 15 (YONHAP) — Officials of South and North Korea dealt with a variety of political, economic and social issues at the second round of rice talks which started here Saturday, a South Korean delegate to the meeting said.

Meeting reporters just after concluding the first day of the second round of inter-Korean rice talks, Kim Hyong-ki, chief of the Unification Ministry's Information Analysis Bureau, said that "these talks cannot be limited to the issue of rice provision to the North."

"Rather the talks should be called the second round of Beijing talks between the South and North," he said, strongly hinting that the rice talks developed into the formal inter-Korean talks.

"It's wrong to say that the main issue of the talks is rice and the remaining issues are peripheral ones," said Kim.

A Western diplomat here also said that the North showed its willingness to allow South Korean firms to invest in the North's Najin-Sonbong special economic

zone, noting that the North has dispatched to the meeting an official who is in charge of the Najin- Sonbong special economic zone project.

He also predicted that during the talks the two sides will conclude issues on South Korean firms' entry into the North's special economic zone and setting up of a branch office of Korea Trade Promotion Corp. (KOTRA) in Najin-Sonbong if the South agrees on provision of additional rice supply to the North.

The Unification Ministry's Kim said that the two sides fully discussed matters for two hours and ten minutes in a sincere manner. He, however, failed to comment on the content of the talks.

The North Korean delegation tried to explain that working-level officials of North Korea made a mistake when they forced a South Korean ship to fly the North Korean national flag when the ship entered a North Korean port carrying rice for the North, Kim said.

The North Koreans said that the incident has nothing to do with any intention or plot, according to Kim.

The two sides will meet again at 10 AM Sunday.

The second round of rice talks are originally scheduled to last until Monday but could be extended when the two sides want any extension, according to Kim.

North 'Regrets' Flag Incident

*SK1507110295 Seoul KBS-1 Radio Network
in Korean 1010 GMT 15 Jul 95*

[FBIS Translated Text] During the second round of North-South rice talks held today at a hotel in Beijing, China, the North Korean side expressed regret over the incident of raising the North Korean flag, saying that it occurred due to a procedural mistake by relevant officials in the port. During today's talks, the two sides discussed their basic positions regarding North-South economic cooperation and additional rice supply.

Foreign Minister on Reunification, Other Issues

*SK1407113595 Seoul YONHAP in English
0945 GMT 14 Jul 95*

[FBIS Transcribed Text] Seoul, July 14 (YONHAP) — South Korea will have to try to foster an atmosphere in which neighboring powers refrain from employing a "divide and rule" policy toward the Korean peninsula, and North Korea, Foreign Minister Kong No-myong said Friday.

Speaking to a policy forum at the Hilton Hotel sponsored by the presidential advisory committee towards the 21st century, Kong stressed the need to accumulate transparency and confidence from neighboring countries

in the course of developing South Korea's diplomatic strategy for the reunification of the Korean peninsula.

Although it is desirable for the two Koreas to take an initiative towards reunifying the Korean peninsula, diplomacy should also be employed when addressing areas where interests of neighboring countries conflict, Kong said.

Describing the United States as the sole superpower after the collapse of the former Soviet Union, Kong said that the American presence on the Korean peninsula is essential for peace and security in Northeast Asia where the political situation is volatile.

Kong said that the United States, the country which probably favors most the reunification of the Korean peninsula among neighboring powers, can provide a deterrent to possible war on the peninsula.

Describing Japan as an assertive power, Kong said that Japan has shown the most sensitive reaction to developments of the political situation on the Korean peninsula due mainly to its geopolitical relations with South Korea.

He predicted that Japan's diplomatic stance towards the reunification of Korea will depend on such variables as domestic political restructuring, Tokyo's relations with Washington and political situations in China.

The foreign minister meanwhile said that China, an emerging power, faces a lot of hurdles in its race to become a major world economic power.

Among those obstacles are uncertainties involving the transition of power after the death of China's paramount leader Deng Xiaoping, the inefficiency of the communist regime and adverse side-effects of economic development.

As a dormant power, Russia is expected to focus on restoring its influence in the Asia-Pacific region by maintaining its military power and securing economic stability within the next few years, Kong said.

Touching on Korean problems, Kong said that the widening gap of national power between South and North Korea has served as an obstacle to a smooth solution of problems related to the unification of the Korean peninsula.

The gap, he noted, has forced the North to resort to negotiations with the United States and other Western countries rather than focusing on talks with the South, Kong said.

North Korea is currently emphasizing a 'survival strategy' because it feels the pinch due to a lack of enough

external support, economic plight and uncertainty surrounding power transition after Kim Il-song's death, Kong said.

Noting as examples the North's acceptance of South Korean reactors and South Korea's central role in its light-water reactor project and South Korean and Japanese rice, Kong said that the North has recently shown signs of its willingness to adapt to changes that are affecting the Korean peninsula.

NUB, NSP Chiefs on Inter-Korean Relations

SK1507002895 Seoul THE KOREA HERALD in English 15 Jul 95 p 2

[FBIS Transcribed Excerpt] The government will take caution in offering additional rice aid to North Korea, a top unification policymaker said yesterday.

Deputy Premier Na Ung-pae, who also heads the Ministry of National Unification [NUB], apologized over the forced North Korea-flag raising by a South Korean freighter delivering the first shipment of rice aid.

He offered the apology when he reported government policies on North Korea to lawmakers at a session of the National Assembly Foreign Affairs and National Unification Committee.

"North Korea promised to prevent such an incident from recurring in its message of regret," said Na.

The government threatened to end food aid to the North, but resumed rice shipments after the North Korean authorities apologized for the incident.

In a closed session, the unification minister also disclosed to committee members the North Korean apology and the agreement on food aid concluded between South and North Korea in Beijing last month.

On the North Korean political situation, Na reported that the North is trying to solidify its residents' loyalty to the de facto leader Kim Chong-il.

Before Na's testimony, the committee approved the government's plan to send 200 military engineers to Angola to join the U.N. peacekeeping operation in the African country.

The panel also approved another plan to prolong a Korean military medical team's stay in Western Sahara as part of its U.N. peacekeeping role by one year.

At the session of the National Assembly Intelligence Committee, Kwon Yong-hae, director of the Agency for National Security Planning [NSP], said a sign of change in inter-Korean relations is emerging after the

first anniversary of North Korean leader Kim Il-song's death.

Kwon said a breakthrough in securing peace on the Korean Peninsula is expected sooner or later with the United States and Japan moving fast to normalize their relations with North Korea. [passage omitted]

UN Investigator Looks at 'Comfort Women' Case

SK1607040995 Seoul YONHAP in English 0250 GMT 16 Jul 95

[FBIS Transcribed Text] Seoul, July 16 (YONHAP) — A United Nations special rapporteur on violence against women will visit Seoul Tuesday [18 July] to collect information on the so-called comfort women who were forced to act as prostitutes for Japanese soldiers during World War II, a Foreign Ministry spokesman said Sunday.

Radhika Coomaraswamy [spelling of name as received] of the United Nations Commission on Human Rights will stay in the country until Friday to meet with Foreign Minister Kong No-myong and other government officials to exchange views on the comfort women issue, the spokesman said.

The Sri Lankan will also visit a variety of nongovernmental organizations concerned with the issue.

While in Seoul, she will deliver a speech entitled 'The United Nations Response to the Violence Against Women', the spokesman said.

The U.N. rapporteur is supposed to present to the United Nations Human Rights Commission a comprehensive report on the cause and result of violence against women and ways to eliminate those violence at regional and international levels.

The U.N. rapporteur with a three year term has shown great interest in the compensation for the comfort women and punishment of those involved in the comfort women project, pointing out that the issue should be dealt with as an issue of the present time rather than the issue of the past.

Lawmakers Urge Renegotiation of Japan Treaty

SK1707031895 Seoul YONHAP in English 0254 GMT 17 Jul 95

[FBIS Transcribed Text] Seoul, July 17 (YONHAP) — A group of lawmakers Monday [17 July] urged the Kim Yong-sam administration to renegotiate a new treaty with Japan to replace the 1965 Korea-Japan Basic Treaty on the normalization of bilateral relations, insisting it is unjust and does not adequately hold Japan

responsible for the atrocities which the island state committed during its colonial rule of Korea.

Rep. Kim Won-ung of the main opposition Democratic Party (DP) and 24 other ruling and opposition party lawmakers claimed, "The treaty should be scrapped immediately because it is an example of South Korea's humiliating diplomacy which allowed Japan to take advantage of it without adequately holding the imperial power responsible for waging war in the Pacific or for colonizing the Korean peninsula in a cruel and unjust manner."

Meeting reporters at the National Assembly, Kim and other lawmakers also said that in the new treaty Japan should clearly express regret and apologize for its invasion and colonization of Korea.

The new treaty must also clearly state that Japan's colonization of Korea is fundamentally null and void, they insisted, adding that clauses in the Korea-Japan Basic Treaty which can be interpreted differently by each country should be clarified in the new treaty.

The lawmakers also insisted that other agreements attached to the Korea-Japan Basic Treaty in which South Korea gave up rights which it deserves are also unjust.

At the end of the press conference, they presented to National Assembly Speaker Hwang Nak-chu a letter of recommendation on the adoption of a National Assembly resolution to renegotiate the basic treaty.

Among the lawmakers seeking the resolution are Yi Kil-chae and Che Chong-ku of the largest opposition Democratic Party and Kim Ho-il of the ruling Democratic Liberal Party.

Pusan Man Suspect for Gold Smuggling From Japan

SK1707094295 Seoul YONHAP in English
0931 GMT 17 Jul 95

[FBIS Transcribed Text] Pusan, July 17 (YONHAP) — The police here were searching Monday for a Pusan man suspected of having smuggled in 260 billion won worth of gold ingots from Japan in the past three years.

The man, identified as Chang Chol-chu, 43, of Saha-ku, Pusan, was charged with illegally bringing in a total 604 30kg gold bars by a small fishing boat his cousin owned on 89 occasions since March 1992.

A police source said the 13-ton boat used to leave from the Namhang pier, Pusan late Saturday nights under the guise of fishing trip and rendezvoused a Japanese smuggling boat in the high seas off the Nakashima harbor, Japan.

On receiving 10 to 12 30kg gold bars from the Japanese ship on each trip, the boat used to return to a beach near the Suyong bay early Sunday mornings, the source said.

Chang is said to have marketed the gold ingots through five to six middle men across the country.

Kim Tae-chung Urged Not To Return to Politics

Yi Pu-yong Comments on Issue

SK1507025695 Seoul YONHAP in English
0203 GMT 15 Jul 95

[FBIS Transcribed Text] Seoul, July 15 (YONHAP) — Rep. Yi Pu-yong, a vice president of the main opposition Democratic Party (DP), urged Kim Tae-chung, chairman of the Peace Foundation for the Asia-Pacific Region, Saturday [15 July] not to return to politics and to halt preparations to create a new party.

Rep. Yi, who until now had not stated his position regarding Kim's move to create a new party, held a press conference at his office in the National Assembly Saturday morning saying, "DP President Yi Ki-taek should also take responsibility for the chaotic state of the party and resign."

The journalist-turned-politician said he will join the "save-the-party group" led by another Vice President Rep. Kim Won-ki. The group is asking Kim Tae-chung to remain retired from politics and urging Yi to resign.

Kim Tae-chung reportedly announced his political comeback in a meeting with his followers in the DP earlier this week. He says he will stop preparations for a new party if Yi resigns while Yi is countering that he will resign if Kim does not return to politics.

Rep. Yi Pu-yong said, "Kim's return to politics contradicts the trends of the time and the people's hope for a new political order. It is also a serious misjudgment by him which will destroy the achievements and honor he has managed to accumulate during the past few decades as opposition leader.

"I'm sure that withdrawing his announcement that he is returning to politics is the only way for him not to be fatally criticized as well as for the DP and our politics to survive."

Editorials Denounce Kim's Return

SK1507133895

[FBIS Editorial Report] The following is a compilation of editorials carried in Seoul vernacular newspapers on 15 July pertaining to the statement by Kim Tae-chung,

former presidential candidate and chairman of the Asia-Pacific Peace Foundation, that he will return to the active political arena by forming a new political party.

The conservative CHOSON ILBO publishes on page 3 a 2,000-word editorial entitled "Mr. Kim Tae-chung Reversing His Own Remarks." Noting that Kim's remarks on his return to politics "lack persuasive power," the editorial writes that his attempt to achieve something even by brooking moralistic criticism cannot be said to be the reasonable act of a person who dreams of becoming president of a nation. It stresses that the leader should abide by the basic social ethos. Pointing to a public opinion survey that more than 50 percent of the people oppose Chairman Kim's return to politics, the editorial notes that Chairman Kim's repeated empty remarks will not work with the people. It calls on him to attentively ponder if the people can recognize the propriety of his political and moral aims. The editorial concludes by emphasizing that Chairman Kim's act of reversing his promise is an act of "self-injury," hurting his own character.

The liberal TONG-A ILBO carries on page 3 a 1,500-word editorial under the headline, "Form and Logic in Returning to Political Arena." Referring to Kim Tae-chung's declaration of his return to political circles, the editorial points out that his remarks violate his promise—made two years and seven months ago—that he would not be involved in any politics. Thus "his act embarrassed and disappointed the people." Stressing that the remarks and acts of a political leader should be consistent with each other, the editorial writes that Mr. Kim's excuse and justification for seeking presidential power by forming a new political party "lack persuasive power and appear to be poor," and that 60 percent have a negative view of his return to the political arena by forming a new political party while 40 percent view it in a positive way.

The moderate CHUNGANG ILBO carries on page 5 a 1,000-word editorial entitled "Poor Excuse for Forming New Political Party." Referring to a poll conducted by CHUNGANG ILBO that 73 percent of respondents opposed Mr. Kim Tae-chung's return to politics and more than 70 percent opposed his forming a new political party, the editorial stresses that the nomination of Kim Tae-chung as new party leader without competition is not reasonable. It criticizes his attempt to form a new party as a means to remove opponent forces within the party who may be a stumbling block in the pursuit of presidential power. The editorial then urges Kim Tae-chung to realize that the act of reversing his own remarks caused serious moral damage to himself and that "the position and popularity of the first opposition party,

which the people supported during the recent local elections, are now rapidly declining."

The pro-government SEOUL SINMUN publishes on page 3 a 1,000-word editorial under the headline, "Mr. Kim Tae-chung and Public Opinion." Noting that Mr. Kim is hurting popular sentiment as days pass, the editorial criticizes Kim Tae-chung appearing in public in an attempt to reach people as "a self-righteous act ignoring popular sentiment." Recalling "his declaration of retirement from the political arena that he tearfully made before the people after being defeated in the presidential election," the editorial writes that he unilaterally broke his promise after two years and seven months, and that his remarks can be regarded only as "preposterous stubbornness" that reveal his attempt to resume politics by ignoring the public opinion. The editorial then points out that the Asian-Pacific Peace Foundation organized by Kim Tae-chung is now considered a device for his resumption of political activities, instead of a device for pursuing the cause of national reunification. The editorial concludes by stressing that "the people cannot repress the sense of betrayal or indignation at being fooled by him."

The left-leaning HANGYORE SINMUN carries on page 3 a 1,200-word editorial entitled "Resumption of Politics with Burdens." Referring to Kim Tae-chung's remarks on breaking his promise and returning to politics, the editorial stresses that it is not easy for a political leader to recover damaged trust, and Kim Tae-chung's acts shown in the course of declaring his return to political arena "have embarrassed and disappointed many people." Furthermore, Kim Tae-chung's "unreasonable push for a new political party" further embarrassed the people, and many people within the Democratic Party are opposed to such moves. The editorial then calls on Mr. Kim Tae-chung "not to lightly accept the people's criticism against himself" but "to attentively read disappointment of many people."

Yi on 'High-Handed Maneuver'

SK1507053495 Seoul YONHAP in English
0525 GMT 15 Jul 95

[FBIS Transcribed Text] Seoul, July 15 (YONHAP) — Main opposition Democratic Party President Yi Ki-taek urged former opposition leader Kim Tae-chung Saturday [15 July] to retract his plan to return to politics, saying that he would join with all forces to end the so-called "new three Kims era."

Yi told a press conference held at the National Assembly, "Kim's return to politics not only violates political morality, but also openly runs counter to the currents of

the time and the public's wishes... I strongly urge Kim to stop his political comeback."

Attributing the opposition party's serious internal dispute to "Kim's return to politics and his greed for power," Yi bitterly criticized Kim, saying, "How could a politician, who's forsaken the public's trust, make utterances about power changes, political reform and future politics?"

Yi has been subject to a signature-collection campaign, conducted by Kim followers, seeking his resignation as party president.

Calling the campaign a high-handed maneuver designed to justify the creation of a new party, Yi declared, "I'll never step down from the presidency for the sake of Kim's return to politics."

Yi said he would work jointly with all forces inside and outside the party to achieve a new political era for the 21st century through a generational shift.

On the middle-of-the-roads' demand for his resignation as well as the stoppage of Kim Tae-chung's move to form a new party, Yi said, "Instead of blaming both sides, they should make public their clearcut stance about Kim's political comeback."

Group Tries To Halt Rupture

SK1407131595 Seoul YONHAP in English
0949 GMT 14 Jul 95

[FBIS Transcribed Text] Seoul, July 14 (YONHAP) — A dozen members of the main opposition Democratic Party (DP), which is on the verge of a split, decided on Friday to form a "group to save and reform the party" and launched a signature-collecting drive to halt the creation of a new party and the resignation of their party leader, Yi Ki-taek.

The DP members have also formed a 10-member committee, which includes four DP vice presidents, and agreed to try and arrange a meeting between Yi and Kim Tae-chung, chairman of the Asia-Pacific Peace Foundation, to head off a possible division of the party.

The group members, who made the decision at a meeting in a National Assembly restaurant, included DP Vice Presidents Kim Won-ki, Cho Se-hyong, No Mu-hyon and Reps. Yi Chol, Chang Ki-uk and Che Chong-ku.

"We are calling for Yi to take responsibility for not doing his duty properly as party leader," the legislators said.

They ascertained that Yi's behavior prior to the June 27 local elections contributed to party losses during the local elections."

DLP, MITI To Discuss Trade Globalization

SK1707051395 Seoul YONHAP in English
0500 GMT 17 Jul 95

[FBIS Transcribed Text] Seoul, July 17 (YONHAP) — Lawmakers of the ruling Democratic Liberal Party (DLP) on Friday [21 July] will meet with officials from the Ministry of International Trade and Industry [MITI] to discuss ways to push ahead with globalization in the fields of trade and industry, according to party officials Monday.

The meeting sponsored by the party's Committee on Globalization will be briefed by International Trade and Industry Minister Pak Chae-yun on the ministry's trade and industry policies to promote globalization, they said.

Among the issues to be discussed during the meeting at the '63 Building' in Yoido, central Seoul, will be ways to attract overseas Korean intellectuals and experts.

The International Trade and Industry Ministry has been siding with the ruling party's plan to allow dual citizenship to ethnic-Koreans residing overseas in an effort to induce highly-skilled Korean experts abroad to come to Korea, although the Foreign Ministry has refused to accept the DLP's proposals citing a variety of legal and practical reasons.

'Parallel Imports,' Trademark Protection Problems

SK1507010795 Seoul THE KOREA TIMES in English
15 Jul 95 p 16

[FBIS Transcribed Text] The increasing arrival of foreign goods in the local market is resulting in "parallel imports," and the problem of protecting trademarks while preventing monopolies.

The most prominent case in Korea of parallel imports in which the same brands arrive in a market through different channels, involves Levi's jeans of the United States.

Until recently, the import and marketing of Levi's products had been undertaken exclusively by Levi's Korea but this "monopoly" was on the point of being broken when Price Club, a discount store chain, contracted with an American distribution company to bring in the identical product at cheaper prices.

Upon a complaint by Levi's Korea, the Customs Service Office has thus far refused to allow Price Club, operated by Sinsegae Department Store, to clear shipments through customs.

According to Dr. Yi Tong-kol, research fellow at the Korea Institute for Industrial Economics and Trade

(KIET), this incident is a classic case of the problem of protecting trademarks while preventing monopolies.

"While there is a need to protect the rights of companies holding trade-marks, there is also the question of consumers not benefiting from a free market economy and healthy competition among distributors," he explained.

Yi said it all comes down to whether or not parallel imports are in actual fact a violation of fair trade regulations and other trade-related legislation, noting they are being increasingly accepted in foreign countries.

In his study, Yi noted that in countries like the United States, there is more and more flexibility in dealing with parallel imports and most are not viewed as a violation of trademark laws.

Yi explained, "Strictly speaking, it is not really a trademark violation. It is a matter of whether or not there is a need to protect certain markets for the benefit of those holding the trademarks."

In fact, some countries are viewing the provision of exclusive rights to market products in certain countries as an overprotection of trademarks which gives rise to virtual monopolies.

In the United States, there is a customs regulations which prohibits such parallel imports, which are regarded as a gray market, but the customs office recently introduced an administrative clause which provides exceptions.

The exceptions, for cases where it is judged that the only result is greater market competition, have also been recognized by a ruling of the U.S. Supreme Court.

In the case of Korea, where parallel imports are certain to gain popularity with the emergence of discount stores like Price Club and E-Mart, similar measures must be introduced.

"Consideration must be given to whether or not a certain company has made significant investments to market their products exclusively, in which case the potential damage by parallel imports should be recognized," Yi elaborated.

If it is merely a case where a certain company feels that they should have exclusive market rights just because it is their brand, the argument is not strong enough to warrant a monopolistic ruling, he observed.

At the same time, legislation relating to fair trade, as administered by the Fair Trade Commission, needs to be revised to give leeway in cases in which there is no apparent violation of trademarks.

KDB Reports on Trade With PRC Expectations

SK1707000295 Seoul THE KOREA TIMES in English 17 Jul 95 p 9

[FBIS Transcribed Text] Korea's trade with China is expected to total 56 billion dollars in 2000, according to a report released by the Korea Development Bank [KDB] yesterday.

Korea's investment in the world's most populous country will amount to 6.7 billion dollars in that year.

With the sharp increase in trade, the proportion of Korea-China trade in the latter's total trade will surge from 4.9 percent in 1994 to 9.2 percent in 2000.

Korea's investment will account for 2.2 percent of the gross inbound investment in China in 2000, up from the 1.8 percent last year.

According to the report, China has projected its two-way trade for 2000 at about 600 billion dollars and foreign investment at 300 billion dollars.

To help prop up trade with China, the state-invested bank urged the two countries to make efforts to have long-term purchase agreements.

"At the same time, it is desirable to find demand sources for materials needed to build government-financed large structures in China," a bank researcher said.

He told reporters that Korean exporters should make every effort to expand exports of sophisticated and high value-added products. The report proposed such areas as agriculture and social infrastructure for the promising fields of Korean investment.

Seoul Third Largest Investor in Vietnam in 1995

SK1507010295 Seoul THE KOREA TIMES in English 15 Jul 95 p 16

[FBIS Transcribed Text] Korea's investment in Vietnam ranked third biggest this year, following only Japan and Taiwan's.

According to a report by the Korean Trade Center in Ho Chi Minh City of the Korea Trade Promotion Corp., Korea invested 399.19 million dollars in 27 projects in Vietnam during the first six months of this year.

Japan has emerged as the biggest investor in Vietnam, pouring 754 million dollars in 30 projects. Taiwan ranked second with an investment of 617 million dollars in 31 projects.

Singapore marked 4th following Korea, investing 356 million dollars in 27 cases. Sweden ranked 5th with an investment of 341 million dollars.

The United States which has recently decided to resume diplomatic ties with Vietnam marked 6th investing 295 million dollars.

With regard to the number of trade company offices operating in Ho Chi Minh City, Singapore topped the list with 126 offices followed by Hong Kong with 111. Japan has 92 while France has 58, marking 4th and 5th respectively.

KDB, Hong Kong Firm Chosen for PRC Project

SK1507010495 Seoul THE KOREA HERALD
in English 15 Jul 95 p 8

[FBIS Transcribed Text] The Korea Development Bank [KDB] and Hong Kong's Peregrine Capital Ltd. have been selected by Korea Electric Power Corp. [KEPCO] as financial advisors and joint arrangers in connection with China's Yanji power plant development project, the state-run bank said yesterday.

The signing of the financial advisory and arrangement agreement between the parties was held at KEPCO head office in Seoul Tuesday [11 July].

The construction of two 100-megawatt power units in the Chinese city of Yanji is the first Korean company's overseas project to be conducted on a build-operate-transfer (BOT) basis, the state-run bank said.

The joint project between KEPCO and Yanji City requires a total project cost of \$250 million and a construction period of 39 months.

After 20 years of commercial operation, the ownership of the power plant will be transferred to the Chinese side.

Sampoong Death Toll Predicted To Exceed 600

SK1507043495 Seoul YONHAP in English
0430 GMT 15 Jul 95

[FBIS Transcribed Text] Seoul, July 15 (YONHAP) — The death toll from the collapse of the Sampoong Department Store in southern Seoul late last month will exceed the 600 mark, according to a ranking Chongwadae [presidential offices] official.

Pak Sung-tal, senior presidential secretary for government affairs, reported that more than 600 people are confirmed dead or missing to a meeting of senior sec-

retaries presided over by President Kim Yong-sam Saturday [15 July], Presidential Spokesman Yun Yo-chun told reporters.

Of the 342 registered still missing, some 40 have not yet been confirmed, Yun quoted park as saying.

Current operations removing the collapsed building's wreckage and recovering bodies from the debris are expected to last through the end of the month, the spokesman further quoted Pak as saying.

Prosecution Unable To Confirm Ward Chief Bribes

SK1507013895 Seoul YONHAP in English
0120 GMT 15 Jul 95

[FBIS Transcribed Text] Seoul, July 15 (YONHAP) — The joint prosecution-police team investigating the Sampoong Department Store disaster was unable to confirm allegations Saturday [15 July] that Socho Ward Chief Cho Nam-ho accepted bribes from the department store in return for his approval to expand the sales space on the first basement floor during an overnight interrogation. The team summoned Cho for questioning Friday.

During the interrogation, investigators found that Cho's approval of the store's plan to change a 692 square-meter storage area into sales space on the first basement level was lawful because his action was based on the Seoul city government's tentative approval. Moreover, the team failed to find any evidence that Cho took money from the store in return for his consent to make the change.

Cho told the team that Yi Kwang-man, 69, a development chief of the department store, had called on him at his ward office in March 1993. "I've never met Chairman Yi Chun (of the Sampoong Department Store), nor have I ever accepted money from him," he was quoted as saying.

Sampoong President Yi Han-sang, 43, now under arrest, said during his cross-examination that he did treat Cho to dinner at a hotel in May 1993 but had never given him any money.

The prosecution is expected to decide at week's end whether or not to prosecute Cho in connection with the department store's collapse after questioning related Seoul city officials about the city government's tentative approval of the store's sales space expansion plan.

Burma

Reportage on Comments by Aung San Suu Kyi

Seeks 'Burmese Democracy'

BK1507091695 Hong Kong AFP in English
0114 GMT 15 Jul 95

[FBIS Transcribed Text] Rangoon, July 15 (AFP) — What Aung San Suu Kyi is looking for, now that she has been freed from six years of house arrest, is a form of democracy that is right for Burma.

"But there are some basic conditions which have to be met," she told AFP in an interview late Friday. "Democracy means respect for the people. Democracy means a government which is consummate with the will of the people."

Without that respect, "you cannot call it a real democracy," she said.

"People make this big thing about, 'we can't have a Western-style democracy. That Burma is Burma. We have got to have a Burmese democracy, an Asian democracy,'" Aung San Suu Kyi said.

"American democracy is different from British democracy. British democracy is different from French democracy, and so on," she stressed. "In the same way, Burmese democracy will be different from every other democracy."

Burma has experienced democracy before, she noted.

"It's not as if we are coming to it raw," she said. "Obviously, there will have to be some sort of evolution. But we are not really starting from a vacuum."

Aung San Suu Kyi has been meeting constantly since her release on Monday with other top members of the National League for Democracy (NLD), which she helped found in 1988.

She has not discussed the details of their talks except to say that they are trying to decide how best to proceed, and she declined again to say what form of new government or an interim power-sharing arrangement might be acceptable to them.

"I have no mandate to discuss that," she said.

She told a news conference Friday that she was willing to negotiate with the ruling junta, as "there is no way we can achieve reconciliation unless we talk with each other."

But she also urged nations and world institutions not to rush in and offer Burma development aid before assessing the country's political situation, and whether there had been any "genuine move" towards reconciliation.

"I have been released. That is all. Nothing else has changed," she told reporters.

Asked in the interview if the new Aung San Suu Kyi, who preaches compromise and says occasional nice things about the military government, is a more mature, mellower version of the woman who made strident speeches six years ago, she suggests that is not really the case.

"I have always asked for dialogue" with the military rulers, she said. "That I would like to emphasize. I have asked for dialogue and I am continuing to ask for dialogue. This is not a new development."

"But if people feel that my style is more mellow, that is a compliment," she said with a smile.

Aung San Suu Kyi, who has insisted she was released without conditions, also said she has "no intention of testing the limits of my freedom now."

But that does not mean she will kowtow to the military government.

"I will do whatever I think needs to be done and what my colleagues feel needs to be done," she said sternly. "That is my business."

Stresses 'Dialogue,' 'Compromise'

OW1607055895 Tokyo YOMIURI SHIMBUN
in Japanese 15 Jul 95 Morning Edition p 5

[By correspondent Toshio Touma]

[FBIS Translated Text] Rangoon, 14 Jul — Aung San Suu Kyi, the symbol of Burma's prodemocracy movement, repeatedly talked about the "importance of dialogue and compromise" in her interview with YOMIURI SHIMBUN on 14 July. This may suggest a change toward a more moderate reform line from her recognition that Burma should not repeat the tragedies of 1988 and 1989 which caused so many people to be victimized in student riots and other antigovernment actions. The future of Burma's democratization now depends on "meaningful trust-based dialogue."

Suu Kyi expressed hope for continued dialogue with the military government. And this is a complete reversal from the harsh position before her house arrest of demanding "the people's trial of the military leaders."

Furthermore, Suu Kyi indicated she does not want a polarization of power between the military and the democratic force, saying: "We may not have all the right answers. It is important that all the forces (including the military) should present their own views, and come to a compromise." She added "the nation's future depends on" whether the two sides can come to a compromise.

She also referred to the fact that Suu Kyi's main body of political movement — the National League for Democracy (NLD) — has changed to a softer line, and expressed her support of its present leadership, saying: "Organizations are bound to change pursuant to the call of the times. The present situation is different that of 1989. Chairman Than Shwe and General Secretary Khin are competent and respectable persons. I have made frequent contacts with them since I was released."

Asked about the problem of minority ethnic groups in border areas, she said: "Of the major 16 groups, 15 are said to have accepted calls for a cease-fire. It is good that the gunfire which lasted for a half century has now stopped and that the life of the people living in those areas will get easier. But what we have to do is to go beyond a cease-fire, into an eternal peace. To do that, we have to build up mutual trust through dialogue."

In conclusion, Suu Kyi said: "I would like to express my heartfelt thanks for the support given to me by the Japanese people. And I hope they will now render support to the great cause of democratizing Burma."

Notes Problems of Ethnic Groups

*BK1707045095 Bangkok BANGKOK POST
in English 17 Jul 95 p 1*

[FBIS Transcribed Text] Burma's problem with ethnic minorities stems from a lack of trust and a ceasefire does not ensure permanent peace, according to opposition leader Aung San Suu Kyi.

"The basis of it is lack of trust," she told a news conference on Friday [14 July].

A ceasefire "is desirable because it lessens suffering," she said. But it is "not the same as permanent peace".

Before she was placed under house arrest on July 20, 1989, Mrs Suu Kyi had sent representatives to the now-flattened Karen National Union [KNU] headquarters at Manerplaw, and spoke of holding a national conference among ethnic groups.

Her representatives also expressed support for the idea of a having a dual state system, according to a source who was in touch with KNU leader Gen Bo Mya later that year.

The KNU, for 40 years one of the strongest groups to demand autonomy from Rangoon, continues to hold out against being "invited back into the legal fold".

But the crushing of its Manerplaw stronghold in January this year has weakened its clout.

"What is KNU?" a Burmese minister remarked in an interview with the BANGKOK POST on Thursday.

"At one time, KNU was a force, a force to recognize, as a matter of equipment and assistance they are getting," he said.

"Right now the KNU is no longer what it was before. So we are inviting them to come back into the legal fold."

"Out of 16 groups, now nearly fifteen and a half are coming back," the minister said.

On June 29, the Mons became the most recent ethnic group to reach a ceasefire agreement with the ruling State Law and Order Restoration Council [SLORC].

Analysts in Burma stress the ceasefire is fragile.

"Most people misunderstand and think the ethnic groups have laid down arms," one analyst said.

"They remain armed forces. The only difference is that they have stopped shooting."

The promise of development aid has been a key incentive for the ethnic groups, who live in difficult terrain in the Thai-Burmese border area.

Rangoon's need to deliver this promise to the rebels and generally develop the country is seen to be an important factor in the release of Mrs Suu Kyi on July 10.

Donors earlier made clear that aid was conditional on the release of the pro-democracy leader, one analyst said.

At a press conference on Friday, Mrs Suu Kyi urged potential donors in the West, as well as the Japanese government to "wait and see" whether there was a genuine move toward democracy and national reconciliation.

"I have been released, that's all. Nothing else has changed," she said.

Japan stopped assistance to Burma following the suppression of pro-democracy people in 1988.

But in late March this year, it announced it would grant one billion yen in aid for development in Burma's border areas.

Suu Kyi Activities Detailed; To Attend Ceremony

*BK1707063695 Hong Kong AFP in English
0631 GMT 17 Jul 95*

[FBIS Transcribed Text] Rangoon, July 17 (AFP) — Aung San Suu Kyi is to attend government ceremonies Wednesday to mark the assassination 48 years ago of her father, independence hero Aung San, but will keep it low-key to avoid incidents, an aide said Monday.

Workmen were seen installing telephone lines outside her home Monday morning as the opposition politician met with colleagues in the National League for Democracy (NLD) which she helped found in 1988.

Aung San Suu Kyi is to attend a wreath-laying ceremony Wednesday morning but will return home immediately afterward, an aide said.

Another aide told reporters gathered outside her home Monday morning that she had scheduled a photo opportunity mid-afternoon Wednesday and would then host a tea party for journalists — "but with no pictures and no interviews."

Aung San Suu Kyi, who met Saturday with the ambassador of Norway, accepted an invitation to travel to Oslo to receive the Nobel Peace Prize she was awarded in 1991, but said she did not intend to leave Burma for the time being.

Since her unexpected release July 10, Aung San Suu Kyi has conferred at length with NLD colleagues, meeting Monday for the first time with the NLD's delegates to the ongoing National Convention to prepare a new constitution.

Among those entering the lakeside compound on University Avenue were members of the NLD executive committee, eyewitnesses said.

Aung San Suu Kyi and her NLD colleagues have said their main concern was to determine how best to promote democracy in Burma and how to coordinate their action for maximum effectiveness. They have given no details.

Although two telephone lines were reportedly planned for her decaying family home, Aung San Suu Kyi, 50, has said that telephone links to the outside world might not be all good as she fears the phone would never stop ringing.

But it would enable her to communicate with her husband, British academic Michael Aris, and their two sons in Oxford, England.

Aung San Suu Kyi has ventured outside her home only three times since her release, to have her eyes checked by an optician, to take a call from her husband in England at the British Embassy and, on Sunday, to have lunch at a relative's nearby home.

She has however made brief, daily appearances at the gate to address the dozens of Burmese maintaining a vigil outside.

Her speeches, usually three to four minutes long, have been almost identical. In them she has pledged not to let the people down or to stop fighting for democracy.

She was jailed six years ago because of her harsh attacks on the military junta that seized power in September 1988, crushing a nationwide pro-democracy movement.

Perhaps because [she] was the daughter of Aung San — who was gunned down along with seven others by men in uniform as they met on July 19, 1947, to plan Burma's independence from Britain — she was not jailed but was confined to her home.

Junta Notified Tokyo Before Suu Kyi Release

*OW1307140795 Tokyo TOKYO SHIMBUN
in Japanese 11 Jul 95 Evening Edition p 2*

[By reporter Ken Murayama]

[FBIS Translated Text] Singapore, 10 July — It was learned on 10 July that the Burmese military junta notified the Japanese Embassy in Rangoon before releasing elsewhere the news of its decision to free Aung San Suu Kyi, 50, leader of the Burmese democracy movement, from house arrest. It is widely believed that the release came about through the influence on the military junta of the Japanese Government's proposal for full resumption of the Japanese Official Development Assistance (ODA) program.

According to information from Rangoon, the Burmese military junta notified the Japanese Embassy on the evening of 10 July of its decision to release Suu Kyi, while refraining from making any official announcement. After the Japanese Foreign Ministry in Tokyo announced the news, a senior Burmese military public relations official acknowledged the Japanese announcement, confirming that the Burmese military junta had released Suu Kyi.

Western diplomatic sources in Bangkok believe that because the Japanese Government immediately hinted at resuming yen loans to Burma totalling 95 billion yen, Tokyo "may have possibly been continuing some kind of negotiations with Burmese authorities" over Suu Kyi's release.

Japanese Embassy Denies Suu Kyi, Envoy Met

*OW1507132395 Tokyo KYODO in English
1304 GMT 15 Jul 95*

[FBIS Transcribed Text] Yangon [Rangoon], July 15 KYODO — Myanmar [Burmese] pro-democracy movement leader Aung San Suu Kyi met Saturday [15 July] with Japanese Ambassador to Myanmar Takashi Tajima at the Japanese embassy for her first outing since her release Monday from nearly six years of house arrest, a former NLD chairman said.

Tin Oo, former chairman of the National League for Democracy (NLD), said Suu Kyi and Ambassador Tajima met at his official residence for about two hours.

The Japanese embassy in Yangon denied the meeting took place.

Details of the meeting were not known.

Suu Kyi held meetings with ambassadors of the United States, Norway, India and other countries at her house on Friday and Saturday.

Nobel Peace Prize winner Suu Kyi said Friday she thinks a resumption of Japanese aid to Myanmar is too early at this stage.

Asked about resumption of foreign aid, including Japanese official development assistance, Suu Kyi said Friday, "they should wait and see whether there is a genuine move toward reconciliation and a truly democratic system of government."

Tin Oo also said Suu Kyi is in contact with the military junta over her participation in a ceremony at the city hall Wednesday to commemorate the 1947 assassination of her father Aung San.

Ambassador Tajima later acknowledged that he met Suu Kyi.

KNU's Bo Mya Comments on Suu Kyi Release

BK1607095195 Oslo Democratic Voice of Burma in Burmese 1430 GMT 14 Jul 95

[FBIS Translated Text] General Saw Bo Mya, chairman of the Karen National Union, the KNU, made a telephone call to the Democratic Voice of Burma and expressed his views on the release of public leader Aung San Suu Kyi as follows:

[Begin Bo Mya recording] I and all members of the KNU are delighted because the SLORC [State Law and Order Restoration Council] has released Aung San Suu Kyi from house arrest on 10 July. We all welcome her release. We would also like to thank Lieutenant General Khin Nyunt and Senior General Than Shwe of the SLORC for their compassion. I think [they should] also have compassion on the whole country. The release of Aung San Suu Kyi by the SLORC doesn't mean that the democratic reforms have started [in Burma]. I don't think so. It may seem that reform has begun, but it has not been completed yet. The SLORC should also release the remaining political prisoners the way it released Aung San Suu Kyi. It is also essential to stop the offensives staged against our revolutionary armed groups. The illegal orders and laws have to be revoked.

I hope Daw Suu will not turn her back on the country and leave us in our misery. The SLORC, after releasing

Daw Suu, has much to do. A tripartite meetings between our national ethnic groups, the democratic forces led by Daw Suu, and the SLORC have to be held to look for solution through political means. The country will be weakened and disintegrated if a solution is not found through political means. Now [words indistinct] our Karen state. That is why I want to say that the SLORC's non-disintegration of national solidarity and non-disintegration of the union have no value [to us]. I want the people to join hands with us and struggle with perseverance until we achieve democracy and free ourselves from these poor living conditions where human rights are lacking.

Opposition Groups Support Suu Kyi Release

BK1707084995 London BBC in Burmese to Burma 1345 GMT 15 Jul 95

[From the "Current World Affairs" program]

[FBIS Translated Text] We have already presented the statements of political parties and various organizations welcoming the release of Daw Aung San Suu Kyi on 10 July. This morning, General Mya, leader of the KNU [Karen National Union] contacted us and expressed the KNU's views as follows:

[Begin Bo Mya recording] We are very glad to hear about the release of Daw Aung San Suu Kyi from house arrest. We desire to build genuine peace in Burma. As of now, 15 ethnic revolutionary groups have met and signed agreements with SLORC [State Law and Order Restoration Council]. The KNU has not signed an agreement yet, but not because we do not want internal peace. We really desire internal peace — the genuine internal peace. [end recording]

U Myit Zaw, chairman of the Democratic Party for New Society [DPNS], also expressed his party's views.

[Begin Zaw recording] Concerning the release of Daw Aung San Suu Kyi by SLORC, our DPNS, in general, sees this as a constructive move by SLORC. Daw Aung San Suu Kyi has held news conferences after her release. At the news conference, one can see her goodwill for the country. She mentioned about the release of all political prisoners, the holding of a political meeting which will include all political parties, an emergence of a nationwide cease-fire, genuine national convention, and national reconciliation. We view these matters as essential for the country. The SLORC should not reject these matters. These are very good objectives for the future of our country. Daw Aung San Suu Kyi is a public leader who received unanimous support in the 1990 election. Her stance are in unison with the public's. That is why our DPNS fully supports her. We also

believe that the public will also support her stance. [end recording]

The KNPP, the Karenni National Progressive Party, has also issued a statement welcoming the release of Daw Aung San Suu Kyi. The statement says if the SLORC really desires peace, it must stop the human rights violations in Burma and in the Karenni region, release the political prisoners, and withdraw the troops from the KNPP Region.

Shan Congress Considers Limiting Khun Sa Power

BK1707044795 Bangkok BANGKOK POST
in English 17 Jul 95 pp 1, 6

[Report by Subin Khoenkaeo]

[FBIS Transcribed Text] Drug warlord Khun Sa may soon be forced to step down as head of the Muang Tai Army [MTA]. Several leaders in the Shan State National Congress, for the first time in many decades, have begun to feel his notoriety is a barrier in the state's struggle for independence.

A leading member of the congress told the BANGKOK POST yesterday that close aides of Khun Sa are plotting to stage what many believe will be a "bloodless" revolt to force the warlord to step down. The plotters are said to include Zao Gangade, a much-respected congressman and a veteran army leader, who is tipped to succeed Khun Sa.

Gangade has been recognised as a war hero who, together with members of the Shan United Revolutionary Army resistance group, helped fight the Burmese army.

Many congress leaders are quoted as saying they can no longer tolerate mounting pressure from the "super-power" — the United States — which they claimed was responsible for negative worldwide publicity about Khun Sa.

Increasing pressure from the U.S. results from Khun Sa's alleged drug involvement is the main obstacle preventing Shan State from achieving independence, according to the congress source. This has paved way for what congress members term a "gradual revolt strategy" which began in the middle of January.

The congress will press for an emergency session to be held no later than October to decide the fate of Khun Sa. If the session can be opened, it will indicate that Khun Sa is willing to heed the voice of the congress and accept changes.

The source said it was speculated Gangade would take over from Khun Sa as army supreme commander. Gangade's role would more or less tone down any

undercurrent of resentment stemming from Khun Sa loyalists.

The congress' political branch chief, Kyan Mong, has emerged as the most likely choice for the state's political leader. Mong has been praised for being well-versed in politics.

It will not be easy for the congress to strip Khun Sa of his power and eradicate the long-standing negative image of the MTA as a bunch of outlaws dealing in narcotics.

Nonetheless, Shan people scattered across the globe are said to support the congress in its determination to end Khun Sa's empire.

The 71-year old MTA commander has a strong military base south of Shan State, bordering Karenni State.

He also controls a wide area stretching over 250 miles along the Thai-Burmese border opposite Mae Hong Son, Chiang Rai and Chiang Mai. The U.S. has offered a U.S. \$200,000 reward for the capture of Khun Sa.

Khun Sa was quoted in an interview with the foreign press as saying: "I'm willing to sacrifice my life, if that will wipe out drugs from this world. I have been likened to a tree with gold leaves.

"Whenever they wanted gold, they would shake the leaves. The gold was theirs and never mine."

Gangade, the congress president, told the BANGKOK POST the time had come for the drug warlord to limit his role in the MTA to "quicken the pace for achieving independence" for Shan State. In doing so, however, no one can force Khun Sa.

Pressure caused by drug allegations from both outside and within has prompted the congress to look it itself and to do everything in its power to "clear" its name, according to Gangade.

He said for the past six months Khun Sa spent much of his time in the secluded atmosphere of temples. The rumour that he was critically ill was later proved to be false.

Despite being a target of bad publicity, Khun Sa is very much respected by military men and Shan people have a lot of faith in him.

He defended Khun Sa over the U.S. drug allegation, saying there was no need for Khun Sa to recruit tens of thousands of soldiers to work in the MTA if he wanted to traffick narcotics.

OPEC Grants \$10 Million Rail Project Loan

*BK1307131895 Rangoon Radio Myanmar in Burmese
0630 GMT 13 Jul 95*

[FBIS Translated Text] The Organization of Petroleum Exporting Countries Fund, OPEC Fund, for international development has granted a US\$10 million loan for implementation of project for upgrading Yangon's [Rangoon] commuter railway system.

The loan agreement was signed at OPEC headquarters in Vienna, Austria, on 7 July 1995. The agreement was signed by Brigadier General Abel, minister of national planning and economic development, on behalf of the Myanmar [Burmese] government, and Mr. Osama Faquih, chairman of OPEC Fund and deputy minister of finance and economy of Saudi Arabia.

The OPEC Fund has made loans to Myanmar worth US\$59.45 million for 11 projects. The loans were used in the energy, education, communications, and transportation sectors including water supply projects. The OPEC Fund has already granted a loan of US\$10 million for renovation project phase-1 for upgrading Yangon commuter railway system.

Brunei, Malaysia & Singapore**Malaysia****Mahathir Criticizes UN Handling of Bosnia**

*BK1707093395 Kuala Lumpur THE SUNDAY STAR
in English 16 Jul 95 p 2*

[FBIS Transcribed Text] Kuala Lumpur — Datuk Sri Dr Mahathir Mohamed has expressed utter disgust at the way the United Nations is handling the Bosnian issue.

The Prime Minister said that when Malaysia requested to increase arms for its peacekeepers in Bosnia so that "they would not have to surrender to the Serbs and embarrass the UN if attacked, we are told they did not need arms.

"When we wanted to send more troops, we are told we cannot. What do they expect us to do — be sacrificial lambs for the Serbs and be captured and used as hostages?"

Dr Mahathir slammed UN secretary general Butrus Butrus-Ghali and European powers for sanctioning the killing of the Bosnians.

Calling them hypocrites, he said they talked a lot about human rights violations but still stood aside to watch the Serbs kill and rape the Bosnians.

Dr Mahathir said the Western powers were more worried about being unpopular at home if their soldiers were hurt than in protecting the Bosnians.

"All they do is withdraw because they cannot fight against the Serbs. If they know they cannot fight against the Serbs, then don't go.

"In which case you should not talk about human rights — you should say the weak should be sacrificed in the interest of the strong," he said.

He said Malaysia would contact other countries from the Organisation of Islamic Conference to discuss the Bosnian issue if the Western powers pull out from Bosnia.

However, he added that the issue was a European problem and it was best that the Europeans solve it themselves.

ROK Tanks Acquired; Bosnian Deployment Planned

*BK1307135295 Kuala Lumpur NEW STRAITS TIMES
in English 12 Jul 95 p 10*

[Report by Sufi Yusoff]

[FBIS Transcribed Text] Kuala Lumpur, Tues. — The army has taken delivery of all 47 newly-acquired South Korean-made K-200 Infantry Fighting Vehicles (KIFVs) which will be shipped to Bosnia-Herzegovina in September for use by Malaysian peacekeepers.

Defence Minister Datuk Syed Hamid Albar said the vehicles arrived from South Korea today at Port Klang.

The KIFVs, bought for RM [Malaysian ringgit] 73.5 million, is in addition to 64 delivered between November 1993 and August last year, worth about RM100 million including spares and training, which are currently in service with the Malaysian Battalion (Malbatt) in the Balkan State.

Syed Hamid said South Korean Vice-Minister for National Defence Yi Chong-lin would be meeting Ministry secretary-general Tan Sri Kamaruzzaman Shariff to discuss the offset programme.

"They will discuss the transfer of technology between Daewoo (Heavy Industries) which is the manufacturer of the KIFV, and DRB (Diversified Resources Berhad), he said.

Yi had earlier called on Syed Hamid at his office.

The programme will involve, among others, Daewoo providing facilities for the assembly of armoured personnel carriers as well as heavy machinery such as excavators.

Last year, Daewoo and DRB signed an agreement for the assembly of the KIFVs, its engines, and maintenance and servicing.

"Eventually, we are looking at building up our own capabilities to manufacture such heavy vehicles as well as to develop the local defence industry's capabilities," said Syed Hamid.

On Malaysia's request to beef up Malbatt by an additional 450-men from the current 1,533, Syed Hamid said the UN headquarters in New York had no objection to the request.

"But the green light will have to come from Unprofor (UN Protection Force) headquarters in Zagreb."

Malaysia's original request was to beef up its troop strength to 3,000 men or a brigade which was rejected by the UN.

Last month, the UN counter-offered by saying Malaysia could send an additional 200 to 300 soldiers.

"If our counter-counter proposal of 450 men is not approved, Malaysia will adjust and accept any approved figure," said Syed Hamid.

The current Malbatt is made up of the 12th Battalion Royal Malay Regiment and the First Royal Armoured Regiment.

They will be replaced in September by the Second Battalion Royal Rangers Regiment and the Fourth Royal Armoured Regiment.

Singapore

Government Accepts Forensic Panel Findings

BK1607132095 *Singapore THE STRAITS TIMES*
in English 15 Jul 95 p 1

[FBIS Transcribed Text] The Singapore Government yesterday said it accepted the third party panel's findings on the Contemplacion-Maga case.

A Foreign Affairs Ministry statement said the findings had "resolved with finality" the differences between the Singapore pathologists and the Philippine National Bureau of Investigation experts on the cause of Mrs. Delia Maga's death.

"The government notes that the Philippine Government has also accepted as 'final' the panel's findings," it added.

The government thanked the panel members and expressed its gratitude to the Federal Bureau of Investigation, the American Board of Pathology, and the U.S. Armed Forces Institute of Pathology for their help.

Cambodia

Lao Foreign Minister Arrives for Visit

BK1507094995 *Phnom Penh National Radio of Cambodia Network in Cambodian*
1300 GMT 14 Jul 95

[FBIS Translated Text] His Excellency [H.E.] Somsavat Lengsavat, foreign minister of the Lao People's Democratic Republic, arrived in Cambodia on the morning of 14 July for a four-day official visit to last through 17 July. The visit is at the invitation of H.E. Ing Huot, minister of foreign affairs and international cooperation.

Upon arriving at Pochentong International Airport, the Lao delegation was greeted cordially and warmly by Ing Huot and H.E. Sihaphom Chanpheng, Lao ambassador extraordinary and plenipotentiary to the Kingdom of Cambodia.

It is expected that during the four-day visit Somsavat will attend the plenary session of the Cambodian-Lao joint commission and sign agreements on border affairs and tourism.

Somsavat and his colleagues will be received by Prince Krompreah Norodom Ranariddh, first prime minister; and Second Prime Minister Samdech Hun Sen.

Officials Deny Bodyguard Arrest Targets Rangsi

BK1507092495 *Hong Kong AFP in English*
0513 GMT 15 Jul 95

[FBIS Transcribed Text] Phnom Penh, July 15 (AFP) — Cambodian officials denied Saturday that the arrest and interrogation of four bodyguards employed by former finance minister Sam Rangsi was related to his continuing criticism of the government.

The outspoken opposition figure, who was expelled from parliament last month and says he now fears for his safety, alleged that on Thursday his guards were beaten by soldiers and forced to confess that he had collaborated with the outlawed Khmer Rouge before being released.

"They were forced to confess that I have a relationship with the Khmer Rouge," he told AFP from London on Friday.

But co-Minister of Defense Tie Banh said Saturday it was one of the guards who was under suspicion and not Sam Rangsi himself.

"It was a separate case," he told AFP. "It had nothing to do with Sam Rangsi."

The Khmer Rouge were outlawed by the government last year and anyone convicted of being a member is subject to hefty fines and lengthy jail sentences.

The guard in question, Chiev Kob, said he was not a bodyguard but a soldier based in Sam Rangsi's former constituency of Siem Reap Province in the north of the country who was visiting when the incident took place.

Chiev Kob told AFP that military intelligence officers forced him to confess that he has links with the Khmer Rouge by pointing the gun at his head during the interrogation.

He said the soldiers played a tape for him detailing what they wanted him to say but "when I refused to repeat it, they said they would send me to be killed."

The other three men arrested were not accused of having Khmer Rouge ties, but allege that they were slapped and bitten while being interrogated.

Tie Banh said the allegations of abuse were untrue.

"Our army only asked them some questions, then we freed them," the minister said, adding that Sam Rangsi should not fear for his safety.

"Sam Rangsi's life will not be threatened."

Indonesia

U.S. 'Pressure' for Wider Market Access Viewed

*BK1707094195 Jakarta BISNIS INDONESIA
in Indonesian 26 Jun 95 p 1*

[FBIS Translated Text] Jakarta (BISNIS INDONESIA) — A USTR [United States Trade Representative] Office delegation met the Presidential Decree No. 34/1986 team to discuss the protection of intellectual property rights in Indonesia.

Joko Mulyono, director general for foreign trade of the Department of Trade, said the main purpose of the visit last week of the U.S. delegation led by Joseph Damond, USTR Office director for Southeast Asia, was to gather data for a report for the U.S. Congress.

"During the meeting with the Presidential Decree No. 34/1986 team, they questioned our efforts in protecting intellectual property rights and what the Indonesian Government had done to anticipate the effect of the WTO [World Trade Organization]," Joko, who is also a team member, told BISNIS INDONESIA last week.

The USTR Office delegation, which comprised Joseph Damond, Thomas Robertson, and Kevin Boyd, also held talks with Suwanto, director general for manpower supervision and development of the Department of Manpower.

According to Damond, President Bill Clinton needs labor information to consider a decision on renewing the generalized system of preferences [GSP] for Indonesia.

There have been calls lately from Congress to the White House to revoke the GSP for Indonesia, which some U.S. congressmen consider to have not protected labor rights.

Paian Nainggolan, head of the Research and Development Board of the Department of Trade, said the USTR Office delegation's visit showed U.S. efforts to put pressure on Indonesia to widen market access.

Revision of Laws

The Presidential Decree No. 34/1986 team was set up to draft legal procedures on intellectual property rights. The team has submitted the revision of three laws to the State Secretariat. "We are revising the Law on Copyrights, Law on Patent, and Law on Trademark," Joko said.

In addition, the Presidential Decree No. 34/1986 team has drafted new laws on production design, integrated circuit [preceding two words in English] electronic components, and trade secrets which are expected to be presented to the House of Representatives in 1996.

Editorial Views Ties to Burma, Current Regime

*95SE0150A Jakarta KOMPAS in Indonesian
7 Jun 95 p 4*

[Unsigned editorial: "Indonesia's Sense of Indebtedness to Myanmar (Burma) Very Profound"]

[FBIS Translated Text] Indonesia's sense of indebtedness to Myanmar [Burma] is very profound. That feeling was expressed again to General Than Shwe, chairman of the State Law and Order Restoration Council of Myanmar, who has been on a four-day visit to Indonesia since Monday, 5 June.

At a dinner for General Than and his delegation, President Suharto expressed on behalf of the Indonesian people his great appreciation for the very valuable help that Myanmar gave at critical times when Indonesia was fighting for independence and struggling to maintain it.

As a people of noble character, we should always express our feelings of appreciation to everyone who has been of service. Myanmar was one of the nations that showed profound sympathy and support for Indonesia's struggle for independence.

In the atmosphere of remembering 50 years of Indonesian independence, all reflections on the struggles of the past and all expressions of thanks become more special. A space of 50 years, with its joys and sorrows, has been traversed safely, so that we again face the future without worry.

As a nation contributing to Indonesia's struggle for independence, Myanmar has a special place in our memory. President Suharto pictured Myanmar's role by saying that when Indonesia was in the midst of serious struggle to maintain the independence it had newly proclaimed, the Myanmar people provided very valuable help.

The challenges faced by the Republic of Indonesia when it was newly independent were indeed serious, threatening its very existence. In those critical years, Myanmar leaders were among those who urged India to hold a conference on Indonesia in New Delhi. That conference had a part in obtaining international recognition.

Myanmar also permitted the installation of communications equipment to report to the world Indonesia's struggle to maintain independence. It was a truly memorable time when Garuda Indonesian Airways (now Garuda Indonesia) was permitted to fly to Myanmar to collect funds for Indonesia's struggle and transport weapons for Indonesian fighters.

As to all the services of the Myanmar people, President Suharto said at the dinner for General Than, "The Indonesian people cannot forget any of that. Tonight, with Your Excellency among us, the Indonesian people remember with deepest feelings of appreciation."

The history of Indonesia-Myanmar relations is unique and special. Ties of friendship between the two nations have existed since the time both fought to win and maintain independence. It is true that with the passage of time, contact between the peoples of the two countries has not been active. It is as though both countries have been busy with their respective domestic problems, which have consumed much time.

It is time, however, to revive the historic ties and the attitude of mutual trust that existed between the two peoples and states. Those ties represent strong "capital" and basis for bilateral economic cooperation.

Both Indonesia and Myanmar need partners in development. Both countries can learn from each other about excesses and shortcomings in the development process. As far as can be observed in the composition of the delegation and the agenda for talks, the objective of Than's visit is to expand ties and cooperation with Indonesia in the economic sector.

It is naturally of interest to us that General Than and his delegation are focusing on the question of economic cooperation. Has not the Myanmar junta been more occupied with issues of "naked power"? Currents of change appear to have enveloped the Myanmar junta, too. We conclude that the Myanmar junta has not been

able to avoid the influence of globalization, with its stress on economic development.

International contacts are now increasingly determined and influenced by economic rather than political and ideological interests. For that reason, friendship between Indonesia and Myanmar needs to be developed toward mutually profitable economic cooperation. We also hope that Myanmar and Indonesia will be increasingly integrated into the global economy.

If the Myanmar junta can conduct economic development efficiently, we expect that Myanmar will possibly experience a process of growth and change like that of Taiwan and South Korea.

Under a representative political system, Taiwan and South Korea have achieved impressive economic progress. In fact, economic progress also has a positive impact on political life. Taiwan and South Korea are now beginning to have a more stable democratic process.

As long as Myanmar authorities remain entirely oriented to political interests and put emphasis on naked power, peace and tranquillity will never exist. True stability and peace never come from the barrel of a gun, but from economic progress and democratic life.

Challenges to be faced by the Myanmar junta—at least in the long term—will clearly be reduced if more public prosperity and freedom to live are guaranteed. Poverty and backwardness often become fertile soil for the emergence of frustration, aggressiveness, and unrest.

The Myanmar junta system appears "ironic" in the midst of global political realities that trend toward emphasis on democratization. The detention of opposition leader Aung San Suu Kyi, known as a symbol of the democratization movement in Myanmar, continues to get extensive attention from the international community.

Nevertheless, the negative impact of that repressive political system can gradually be reduced if economic development is conducted seriously, as was undertaken by authorities in Taiwan and South Korea.

Suharto Exhorts Bosnian Serbs To End Attacks

*BK1707093995 Jakarta ANTARA in Indonesian
0806 GMT 17 Jul 95*

[FBIS Translated Text] Jakarta, 17 Jul (ANTARA) — In his capacity as chairman of the Nonaligned Movement, President Suharto urged the Bosnian Serb forces to stop their attacks against the safe havens immediately and release UNPROFOR [United Nations Protection Force] personnel held as hostages.

"Indonesia believes that a military solution to the Bosnia- Herzegovina conflict is futile and will only lead to protracted war," said Minister-State Secretary Mardiono in Jakarta on Monday when he disclosed the statement made by the Nonaligned Movement chairman.

As chairman of the Nonaligned Movement, Indonesia is very concerned over Serb attacks on the town of Srebrenica.

Srebrenica is one of the six towns in Bosnia designated as safe havens by the United Nations.

The designation of the safe havens is based on the fact that the cruel armed conflicts have caused a massive exodus of civilians, especially children and elderly people.

"Indonesia would also like to extend its condolences to the Netherlands Government over the death of UNPROFOR personnel from that country," said Mardiono.

ABRI Chief on Religious Harmony, Savings Plan

95SE0150B Jakarta KOMPAS in Indonesian
3 Jun 95 pp 1, 11

[FBIS Translated Text] Pekalongan (KOMPAS)—PANGAB [Armed Forces Commander] General Feisal Tanjung emphasized that ABRI [Indonesian Armed Forces] will not tolerate anyone who seeks to pit religious communities against each other for political interests. Because religion is a sensitive issue, everyone is expected to respond with more understanding and wisdom to issues that could shatter the unity and integrity of the Islamic community and other religious communities.

The PANGAB stressed this Friday, 2 June, in a dialogue with students at the Al-Qur'an Islamic Boarding School at Buaran, Pekalongan, in Central Java.

Feisal Tanjung, who was inducted as an honorary student of the boarding school, said, "We realize that Indonesia's diversity in ethnic group, religion, race, customs, language, and culture represents potential for conflict. Nevertheless, if this diversity is managed well, both conceptually and in obedience to principle, it can become a dependable and formidable strong point," the PANGAB said.

Under these conditions, the PANGAB asked the entire Islamic community to develop "a brotherhood of Islam" in the context of developing a "brotherhood of the homeland" and, in turn, a "brotherhood of man." He stressed that an Indonesian "brotherhood" would never sharpen differences among ethnic groups, religions, races, and communal groups. Such "brotherhood" will, in fact, tend toward seeking togetherness and mutuality

for the sake of creating conditions of resilience in the religious community.

To protect a spirit of unity and integrity, the PANGAB asked that the Islamic community develop an attitude of togetherness. The mission of "mercy and the entire world," as often expressed in the term "mercy for all of the world," the PANGAB said, means that the religious objective of Muslims is to spread compassion among all religious communities in order to bring about true peace and tranquillity in the world.

"This message of compassion and peace is very relevant to life in the world at this time. We are all witnessing that several areas in the world are marked by conflicts and even wars that bring chaos to nations," the PANGAB said.

National Sports Achievement Savings

During the dialogue, students of the Al-Qur'an Islamic Boarding School requested that TAPORNAS (National Sports Achievement Savings) be reviewed again before implementation because of the concern that TAPORNAS will cause the same problems as the SDSB (Charity Lottery).

Meanwhile, Dr. Amien Rais, general chairman of the Muhammadiyah Executive Council, said that if TAPORNAS contains elements of speculation of gambling or if it produces a "mental process" not conducive to national development, it would be better for the idea to be "put on hold."

Amien Rais said this Friday, 2 June, in response to a reporter's question after installing Drs. Qomari Anwar, M.A., as rector of Muhammadiyah University in Jakarta. He said he agreed with the three DPR [Parliament] factions, namely the F-KP [GOLKAR Faction], the F-PP [Development Unity Faction], and the F-PDI [Indonesian Democratic Party Faction], which have declared that TAPORNAS should be "put on hold." "I think the DPR leaders are right and are not just talking," Amien Rais asserted.

According to Amien Rais, if sports are considered important—like education and defense and security—it would be better for the required budget to be included in the APBN [National Budget]. By putting it in the APBN, the sports budget would be easier to plan and supervise, thus preventing irregularities.

"Things like the PORKAS [Soccer Lottery] and SDSB merely waste energy and cause no end of conflicts. If there is any doubt, we should simply forget it and start thinking soundly, rationally, and realistically. Don't raise controversial issues that result in much waste of national energy," Amien Rais declared.

Feisal Tanjung told boarding school students in Pekalongan that the TAPORNAS issue is being reviewed and that approval is not certain. The PANGAB continued that the government is reviewing it and is calculating the impact if TAPORNAS were implemented.

In a coordination meeting on the public welfare sector (RAKOR POLKAM [Politics and Security Coordination Meeting]) on Tuesday, 30 May, the government was still unable to decide when TAPORNAS would be implemented. The government was still awaiting results from a study team involving community, DPR, and religious leaders and banking professionals.

Besides TAPORNAS, students' questions also dealt with eliminating white-collar crime, closing liquor distilleries, and acceptance of women from Islamic high schools (equivalent to SMA [senior high school]) as members of ABRI [Indonesian Armed Forces]. Because Feisal Tanjung's witty answers always prompted laughter from the audience, even more people raised their hands to ask questions.

"The effort to eliminate white-collar crime continues. ABRI does not discriminate, but it is usually hard to gather proof," said the PANGAB, who used the occasion of his visit to lay the first stone for the rehabilitation of the boarding school. He also contributed 500 bags of cement.

Muhammadiyah Direction, Leadership Examined

95SE0150C Jakarta KOMPAS in Indonesian
3 Jun 95 p 11

[FBIS Translated Text] Jakarta (KOMPAS)—Developments and the challenges of the times signal the need for new criteria for selecting Muhammadiyah leaders, both now and in the future. Whereas it used to be enough for Muhammadiyah leaders up to the branch level to be simply "carpenters," Muhammadiyah now needs "architects."

In a discussion on "Muhammadiyah in the Past, Now, and Tomorrow" in Jakarta on Thursday, 1 June, H. Projokusumo, a functionary on the Muhammadiyah Executive Council [PP], said that if Muhammadiyah merely has "carpenters," the organization can proceed only with what it already has. It cannot develop new things, let alone make breakthroughs to respond to the challenges of the times.

The activity, which was sponsored by the Alumni Study and Communications Forum of the Muhammadiyah Student Association, also featured Dr. Yusril Ihza Mahendra and Dr. Victor Tanja as speakers.

Projokusumo said, "If we merely build schools like the many that Muhammadiyah has now, 'carpenters' are

enough. If, however, we are to build colleges, establish research bodies, improve the community's economy, and similar things, these are not the work of 'carpenters' but of 'architects.'"

Therefore, he continued, the recruiting of Muhammadiyah leaders should not give attention merely to the professionalism of the people involved. It is more important to select appropriate people who truly understand that Muhammadiyah is an organization for the Islamic cause. "Muhammadiyah leaders must fully realize that this is an organization with a cause, which requires a high level of dedication, sacrifice, and struggle," he said.

In the preindependence era, Muhammadiyah members had the awareness that Muhammadiyah is an organization with a cause. Those who joined Muhammadiyah realized that they were joining an organization with a cause and that they were aligning themselves with people in other organizations with causes, such as the Islamic League. Those who joined Muhammadiyah were teachers, railway employees, pawn service employees, village heads, and similar people.

"It used to be that in Muhammadiyah no distinction was made between intellectuals and Islamic scholars. Kasman Singodimejo and A.R. Fachrudin were both intellectuals and Islamic scholars. The classification of intellectuals and nonintellectuals is a recent phenomenon that emerged after the formation of ICMI (Indonesian Muslim Intellectuals Association)," Projokusumo said.

Greater Distance

Agreeing with Projokusumo, Yusril said that the question facing Muhammadiyah is not whether Islamic scholars or intellectuals should lead the organization. Actually, the status of Islamic scholars in Indonesia is merely a question of public sociological recognition. "People such as Nurcholish Madjid and H. Agus Salim will never be Islamic scholars, although their knowledge is appropriate for that appellation," he said.

Yusril feels that Muhammadiyah is increasingly distancing itself from political questions faced by the nation. In the days of Kasman Singodimejo, the Muhammadiyah Advisory Council—now the Advisory Board—actively gave attention to political questions that developed, particularly about concepts of nationhood.

"Although many Muhammadiyah people are involved in political activities in a personal capacity, they are not Muhammadiyah figures on the political stage," Yusril said.

According to Yusril, the inability of Muhammadiyah to present its political concepts is because the organization

no longer has channels through which to communicate them. Publications are of a personal nature and do not present the Advisory Council as a voice of Muhammadiyah.

Victor Tanja recommended that Muhammadiyah guard its balance between the roles of intellectuals and Islamic scholars, since, as a religious organization, Muhammadiyah needs to apply the Koran. The role of the Islamic scholar is needed to interpret the Koran so that there will be no deviations," he said.

Victor felt there should no longer be conflicts between Muhammadiyah and the NU [Islamic Scholars League]. "The conflicts have been contrived. If the NU could establish schools like those of Muhammadiyah, and Muhammadiyah could establish boarding schools like those of the NU, there would be no problem. Both of them could make crossovers that would mutually enrich," Victor said.

Amien Rais

Dr. H. Dalmi Iskandar, rector of the North Sumatera Muhammadiyah University in Medan, said that Amien Rais, general chairman of the Muhammadiyah PP, is a leader for now and for the future, because the lecturer at the Sociology and Political Science Faculty of Gadjah Mada University is an intellectual with the soul of an Islamic scholar.

After installing the rector of the Muhammadiyah University in Jakarta on Friday, Amien Rais said, "I have declared my willingness to the Central Committee on Elections of the Muhammadiyah PP, and everything depends on the open and democratic election process."

Laos

Statement Supports Normalized SRV-U.S. Ties

BK1307120795 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 13 Jul 95

[Statement by the Foreign Affairs Ministry spokesman — place and date not given]

[FBIS Translated Text] Following the U.S. lifting of the trade embargo against the SRV, the Lao People's Democratic Republic [LPDR] has closely followed and highly hoped to see the relations between the SRV and United States be expeditiously normalized.

On 11 July, President Bill Clinton made an announcement on his decision to normalize diplomatic relations at the ambassadorial level [with the SRV].

As the SRV's closest neighbor, who has shared a tradition of fighting alliance to win victories together for several decades, the LPDR is overwhelmingly elated

over the said announcement. The Lao Government and people regard such a decision as a correct move in conformity with the current trend of the regional and international situation as well as the aspirations of both the Vietnamese and American peoples and other people in Southeast Asia and the world over.

The LPDR firmly believes that the establishment of diplomatic relations between the SRV and the United States will serve to normalize relations and cooperation between the two countries and to contribute to maintaining stability and security in this region.

Funds Sought for Clearing Unexploded Ordnance

*BK1407132195 Vientiane KPL in English
0944 GMT 14 Jul 95*

[FBIS Transcribed Text] Vientiane, July 13 (KPL) — Minister of labor and social welfare recently gave an interview to a UNDP [United Nations Development Program] information officer in Laos on raising a fund for unexploded ordnance trust fund project.

During the years of war for national liberation, especially the 1964-1973 period, Laos suffered the heaviest air bombing ever seen in the world, said the minister in the interview.

According to military analysts, during these years more than 580,300 air bombing missions were carried out over Laos which means one mission for every 8 minutes. Compared with a population of only 3 million at the time, a Laotian received more than 2 tons of bomb. The provinces that have been heavily destroyed are: Xieng Khouang, Houa Phan, Khammouane, Savannakhet, Luang Prabang, Saravane, Sekong, Champassak and Attopeu. Among them, Xieng Khouang Province has suffered the heaviest air bombing. Of the 6 million tons, a great number of bombs remain unexploded and are scattered and hidden in the ground. It is virtually impossible to accurately estimate their number.

After the end of the war in 1975 and 20 years after the establishment of the Lao PDR [People's Democratic Republic], the Lao government have made huge efforts to rebuild the country. Now the Lao people are living in peace and are contributing to the socio-economic development of the country. However, unexploded ordnance which is one of the bitterest legacies of war, still claims lives and hampers development. During the last 20 years, in 3 districts of Xieng Khouang Province alone there have been 973 victims of which 451 died.

In 1975, with the assistance from the former Soviet Union and some international organizations, a project to remove unexploded ordnance (UXO) was launched and hundreds of tons of bombs were destroyed. Presently,

Mag from the United Kingdom, Mil Search from Australia, the Quakers and the Mennonites are carrying out removal work of unexploded ordnance in Pek District of Xieng Khouang Province and Nam Bak District of Luang Prabang Province. These projects are undergoing with success and can be expanded to other areas.

Due to their great number and various types, unexploded ordnance continues to threaten people's normal life. The most dangerous and most lethal are the cluster bomblets called 'bombies' by the Lao people. These bomblets continue to claim lives in affected areas. In Xieng Khouang Province alone, it is estimated that more than 100,000 hectares of land are affected and need to be surveyed urgently. Besides, there are other provinces too where surveys are needed as well.

In [words indistinct] the Lao government in consultation with UNDP sees the need to establish a trust fund to gather contributions from governments, international organizations and NGOs [nongovernmental organizations] who might be interested in this program.

In his opinion, the removal of unexploded ordnance from areas where there is urgent need of bomb clearing for food production will take years and needs huge sums of money. Therefore, in order to carry out these tasks successfully, the Lao government has requested cooperation from UNDP to set up a trust fund to raise a fund vitally needed for UXO removal projects in different regions of Laos. The trust fund will be under joint management of the Lao government and UNDP.

The government of the Lao PDR calls all the friendly countries, international organizations, financial institutions, NGOs and concerned people to contribute to the proposed trust fund.

Philippines

Legal Constraints on Economic Opening Outlined

*BK1707085395 Manila MANILA BULLETIN
in English 13 Jul 95 p B-1*

[FBIS Transcribed Text] President Fidel Ramos said yesterday the government was determined to further open up the economy and was taking stock of all laws that need to be amended.

Mr. Ramos said that he had directed the Bangko Sentral ng Pilipinas [Central Bank of the Philippines], the Departments of Foreign Affairs, Trade and Industry and other agencies concerned to submit a study of the various restrictive laws for either amendment or repeal.

He cited the retail trade law, which bans foreigners from owning retail businesses, as among the laws that need to be restudied.

The Investment Company Act, the Investment House Law, and the Uniform Value to Philippine Coin and Currency Act were also among the laws identified for review.

Furthermore, the government is planning to take the few remaining steps to ease existing rules on current payments and discriminatory currency practices.

The chief executive also announced the Philippines has just favorably concluded its discussions with the International Monetary Fund (IMF) regarding the progress of the government present economic reform program.

A new economic program will be drafted for the rest of 1995 and 1996.

He noted that IMF team was highly impressed by the overall strong performance of the Philippine economy during the first year of the program.

"Both sides agreed that current developments offer a most favorable climate for the accelerated implementation of the government's medium-term economic strategy embracing structural fiscal reforms and further deregulation and liberalization of the economy within a framework of macroeconomics balance and price stability."

Mr. Ramos stated that an agreement was reached on a monetary program that accommodates the ongoing financial deepening associated with rising confidence in the country's economic policies and prospects.

The agreement will incorporate an adjustment mechanism that will allow the base money targets to be increased if foreign capital inflows turn out to be stronger than anticipated, the statement said.

Ramos explained that the government was looking at lifting the restrictions on foreign loan sourcing by private companies, which at present, has to be cleared with the government.

He said the whole thrust of his government was economic liberalization in order to promote trade and investment.

"In particular, the government intends to further relax investment regulations and continue the implementation of the tariff reform program," he said.

Ramos Rules Out Military Use on Spratlys

BK1707004195 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 2230 GMT 16 Jul 95

[FBIS Translated Text] President Ramos stressed that it is not necessary to take military steps to eject the

Chinese from the Kalayaan [Spratly] Islands. President Ramos explained that the Chinese troops on the Kalayaan Islands are not seen as an imminent threat to the nation's security. Nevertheless, the president said that China should not regard the Philippines' conciliatory stance as a lack of political will or gesture of subordination. According to the president, the government is still capable of handling the situation and does not to call for military action because the Philippine claim to the Spratlys has strong moral and legal grounds.

Manila Moves To Renew Relations With Singapore

BK1707093695 Quezon City DZBB Radyo Bisig Bayan in Tagalog 0800 GMT 17 Jul 95

[FBIS Translated Text] The government is moving to normalize relations with Singapore. President Fidel Ramos says the move is part of the agreement which Manila entered into with Singapore in relation to the result of the third autopsy conducted on the remains of Filipino overseas contract worker Delia Maga. The U.S. medical team's autopsy findings confirmed Singapore's earlier findings.

It will be recalled that Ramos entered into an agreement with Singapore Prime Minister Goh Chok Tong to normalize relations with Singapore once it is found out in the third autopsy that the Philippines' findings are wrong.

The government will issue a formal statement tomorrow regarding the appropriate steps that the country will take in compliance with its agreement with Singapore.

Thailand

U.S. Stance on Financial Trade Commitments Cited

BK1507104895 Bangkok THE NATION in English 15 Jul 95 p B1

[Report by Suphaphon Changcharoen]

[FBIS Transcribed Text] The US has expressed satisfaction over Thailand's lists submitted to the General Agreement on Trade in Service under the World Trade Organization last month, said Fiscal Policy Office Director Somchai Ruchuphan.

As the country's lead negotiator, Somchai said Washington so far expressed satisfaction with the list offered by Thailand which commits the country to opening certain aspects of the financial sector.

But the US insisted that Thailand allow its businesses to own more than a 25 per cent stake in banking and insurance industries and that it be free to expand branches of those businesses to anywhere in Thailand.

Since WTO members are to submit their revised offer lists by the final deadline of July 28, Somchai thought the Gats talks could produce one of three possible results.

"First, there is no agreement. Second, there is agreement applying the Most Favoured Nation (MFN) principle to the financial sector minus one. Third, everybody agrees without using the MFN principle," he said.

According to Somchai, the most likely outcome is the second — which Thailand also agrees with.

The MFN minus one idea was proposed by the European Union. The idea is to have all WTO members apart from the US sign the agreement, if all but Washington agree by the end of this month.

So far, the US has been the most demanding country and it nearly derailed the talks which were supposed to be completed last month. The deadline on the financial service liberalization talks was finally extended from June 30 to July 28.

The US insisted that unless its demands were properly met, it would use a two-tiered system, meaning that it will apply the MFN principle — a concept by which other countries are treated the same way as the home country — to those who open their financial sector adequately. The US prefers to deal bilaterally with those who do not.

WTO Talks on Financial Services, Labor Viewed

BK1707142295 Bangkok THE NATION in English 17 Jul 95 pp B1, B2

[Report by Wichit Chaitrong]

[FBIS Transcribed Text] Developing members of the World Trade Organization [WTO] have vowed to leave open their offers on the financial services deal if the developed member nations, especially the U.S., agree to include the free movement of professional people.

Thailand, meanwhile, stood firm in its position that it could not offer more than it already has, even though some key negotiating countries, particularly the U.S., have asked Thailand and some other Asean members to offer more in the finance, banking and insurance sectors.

The source was referring to the latest round of WTO trade talks where member countries failed to reach a financial services agreement on June 30 as originally targeted after the U.S. walked out of the negotiations only 24 hours before the deal's deadline at the end of last month saying market opening offers from many developing countries were insufficient.

Washington insisted it would reserve the right to confine entry to companies from countries which offered reciprocal treatment for U.S. financial houses. The developing members said the U.S. stance is not acceptable.

Finally, the European Union tried to secure the global deal on financial services by persuading the six ASEAN countries to maintain their offers as part of an interim deal, while the deadline for the talks was postponed from late June to July 28.

Meanwhile, Japanese Prime Minister Tomiichi Murayama has also urged President Bill Clinton to bring the U.S. back into the talks on a global deal to free trade in financial services, Japanese officials said on Friday. The officials said Murayama made the appeal in a letter to Clinton within the last two or three days.

The Thai source said that during the latest round of talks India and the Philippines led a campaign to include the free flow of labor in the multilateral trade agreement.

According to another source who attended the June meeting, the Filipino delegate told the U.S. that the Philippines would allow U.S. firms to invest up to 80 per cent equity in insurance companies if the U.S. authorities would open their labor market.

The free flow of professional persons is of strong interest to English-speaking citizens in India and the Philippines, which have been seriously negotiating for labor market openings in the U.S. and the European Union.

The source said that Thailand, however, has not taken a leading role on this issue because the free flow of labor might not benefit it much under the upcoming General Agreement on Trade in Services.

However, if the developed countries open their labor markets, Thailand could enjoy labor market access because the opening must be based upon the most-favored-nation [MFN] treatment principle of opening to all countries without discrimination, sources said.

In this regard, India even accused countries such as Thailand which did not enter the labor market access negotiations as being "free riders", sources said. As the financial service deal is facing a deadlock, every member of the WTO has revoked the MFN principle on financial liberalization. The United States was the first country to withdraw MFN, because it was not satisfied with the market opening commitments submitted by some developed countries.

A Thai source in the financial sector said that Thailand did not want the U.S. to withdraw its multilateral offer because it feared that without the multilateral framework

the U.S. would be likely to take a more aggressive stance in future bilateral talks on services with Thailand.

"A compromise could be reached if developed countries made concessions on the free movement of people in exchange for financial market liberalizations from developing countries," a source said.

Some developed countries such as Sweden and Norway have already expressed their willingness to open their labor markets, but their criteria is limited to skilled labor only, the source said.

"However, Thailand will not make commitments above what was submitted on June 30, with foreign investment in the banking, finance and insurance sectors limited to 25 per cent equity," he said.

Due to the pressure from the U.S. and other developed countries, Thailand has made some amendments to the commitment table it first submitted to the WTO in December 1993.

Thailand would drop some restrictive terms on the issuance of new insurance licenses after the new licenses are granted by the minister and approved by Cabinet, the source said.

Foreign insurance firms would also be allowed to invest in new Thai insurance companies, which are due to be granted licenses in September. The old table limited foreign firms to investments in existing insurance firms only.

"This makes it look more like a liberalization commitment, although we actually only changed the wording," the source said.

Thailand has also written into its liberalization intentions that it would allow foreign firms to invest more in insurance companies and to open full branch operations later — without time-frame specifications.

Court Approves Thanong Extradition to U.S.

BK1707144195 Bangkok Thai Color Television Channel 9 in Thai 1200 GMT 17 Jul 95

[FBIS Translated Text] The court has ruled on the extradition of Thanong Siriprichaphong, former Chat Thai Party MP [member of Parliament] for trial in the United States in a case involving marijuana trafficking.

With reference to the attorney general's request to the court to rule on the U.S. request that Thailand extradite Thanong for trial in the United States under the law on criminal extradition, the court ruled today that the plaintiff had shown sufficient cause for seeking extradition of Thanong under the Criminal Extradition Law of 1929. Thanong was charged with working with

five American accomplices to bring marijuana into the United States. The court has ruled that Thanong should be extradited to face trial in California.

Thanong will remain in detention for another 15 days so that he can appeal the court's decision. If the court of appeal upholds the ruling that he should be extradited, Thanong would then be sent to the United States within three months. Otherwise he will be released.

His lawyer, Prachum Thongmi, said Thanong would appeal as soon as possible. Prachum said he leaves it to the judgment of the appeal court.

Editorial Views Clinton Decision on Vietnam

*BK1507150895 Bangkok SIAM POST in Thai
15 Jul 95 p 5*

[Editorial: "The United States Normalizes Relations With Vietnam"]

[FBIS Translated Text] U.S. President Bill Clinton decided to normalize U.S.-Vietnamese relations on the evening of 11 July despite the disapproval of certain senior U.S. political leaders, who felt that Vietnam has not responded sufficiently on the issue of Americans still missing from the Vietnam war.

It appears that Clinton anticipated opposition to his announcement normalizing relations, and he believed that he had good justification for it and could defend it, particularly in terms of the international situation favoring it.

In the past two years Clinton sent State Department representatives to meet with Vietnamese leaders on at least two occasions to offer support for Vietnamese membership in ASEAN, hopefully in return for a concerted Vietnamese response in searching for missing Americans or their remains.

Along with the informal dialogue on resumption of diplomatic ties, the business relationship between the American private sector, with support of the U.S. Government, has progressed a step ahead. In particular, the United States indicated that it would not block Vietnam's attempt to borrow from the World Bank to support its national development.

One noteworthy point: After the Soviet Union ended its assistance to Vietnam in 1991, Vietnam began trying to mend its relations with China, with both sides ignoring the Chinese offensive launched to teach Vietnam a lesson in 1979. Although China and Vietnam are currently disputing sovereignty over the Spratlys, their relations have not been affected.

It appears that Vietnam wants to strengthen ties with the United States, China, and other countries, including

Thailand, where diplomatic ties are already in place. Relations between Thailand and Vietnam are growing, with both sides avoiding any mention of the Vietnam war which ended in 1973. Moreover, Thailand supports Vietnamese membership in ASEAN.

With communication instantaneous these days, it is necessary for the United States to regain power — economic and political power, not military strength — in this region. To a certain degree, using Vietnam to counterbalance China may improve the general level of security in the region.

By announcing full diplomatic relations with Vietnam irrespective of disapproval by any faction, Clinton must be confident of American readiness to adapt to the current international situation. It could also be an important policy that will enable him to win the coming presidential election.

Suu Kyi Urges Heeding Burmese People's 'Needs'

*BK1507092095 Bangkok BANGKOK POST
in English 15 Jul 95 pp 1, 3*

[Report by Anurat Maniphan in Rangoon]

[FBIS Transcribed Text] Burmese Opposition leader Aung San Suu Kyi yesterday urged the Thai government to think of the needs of the ordinary people of Burma, and questioned what constructive engagement had achieved.

"The Thai people are sympathetic," she told the BANGKOK POST in a select-group interview.

"But I would like the Thai government to look at the interests of the ordinary people of Burma, to try to see how things are with the ordinary people, not just to look on the surface," she added.

"If Thailand is really interested in helping the people of Burma, the focus should be on what the people need, and what the people want," she said.

"The people are more important than the government," she stressed.

"The Burmese people need to be allowed to develop their talent more freely," she said.

Thailand and Burma need to have "very good relations," because they are neighbours "and we've got to live next to each other forever, as long as the world lasts," she noted.

The Voice of America [VOA], World Television News and a Norwegian daily also joined the group interview which followed a full-fledged press conference at her

residence at 54, University Avenue, where she spent six years under house arrest.

Thailand has urged that Burmese people benefit from the process of bringing Burma out of isolation through constructive engagement.

Ministers of Thailand and other member states of the Association of Southeast Asian Nations (ASEAN) were quick to claim Mrs Suu Kyi's release on July 10 as a triumph for this policy.

"It is always very difficult to decide exactly how much one particular policy has achieved," Mrs Suu Kyi said, when asked what might be a better alternative.

"There are those who say for example, that I have been released because of constructive engagement, and there are those who say that I have been released because of international pressure," she went on.

"It's very, very difficult to analyse and decide exactly what has achieved and how much," she added.

Thailand, by virtue of its geographical proximity and better knowledge of Burma, could play "a persuasive role" with ASEAN towards any adjustment of its Burma policy, she said.

It would be a long time yet before Burma becomes a full-fledged member of ASEAN.

But Burma "belongs to Southeast Asia," she pointed out.

"Eventually I hope that Burma will be an active and progressive member of ASEAN," she added.

Brunei, Indonesia, Malaysia, Singapore and the Philippines are Thailand's current partners in ASEAN. Vietnam becomes the seventh member later this month while Laos holds observer status with the grouping.

On the situation in Burma, Mrs Suu Kyi told VOA that compromise would not come easily. "I believe the will of the people is very, very powerful," she said.

Troops Stop Cambodian Incursion at Border

BK1507100395 Bangkok BANGKOK POST
in English 15 Jul 95 p 6

[FBIS Transcribed Text] Aranyaprathet — Thai security forces fired illuminating flares and fluorescent shots to push back a group of unidentified Cambodian troops after they encroached on Thai territory Thursday night.

The brief incursion took place at about 9 p.m. in Ban Khok Sabang, Tambon Tha Kham, during a fierce fighting between Cambodian government troops and Khmer Rouge guerrillas.

The two warring forces exchanged artillery, mortar and machinegun fires.

Several mortar shells slammed into an uninhabited field in Ban Nong Ian. But there were no damages or casualties.

Informed military sources said a border security unit, led by Lt-Col [Lieutenant Colonel] Nirun Phiphitkun, spotted about 60 Cambodian soldiers in Ban Khok Sabang, about 100 metres from the Mahot canal which demarcates the borderline between Thailand and Cambodia.

The Thai troops then ordered illuminating flares and fluorescent shots fired into the air to warn the Cambodians that they had intruded into Thai territory. The intruders then retreated without putting up resistance, said the sources.

Banhan Cabinet Line-Up Previewed

BK1707043695 Bangkok THE NATION in English
17 Jul 95 pp A1, A6

[FBIS Transcribed Text] The Banhan Cabinet line-up, which features some controversial names in significant positions, has been completed and is expected to be announced today, sources said yesterday.

But the sources could not confirm whether former Finance permanent secretary Phanat Simasathian or Budget Bureau Director Bodi Chunnanon would be finance minister.

Prime Minister Banhan Sinlapa-acha, the Chat Thai leader, yesterday visited Privy Council President Sanya Thammasak at a Bangkok hospital.

Banhan told him that Chat Thai executives Watthana Atsawahem and Narong Wongwan, who face U.S. drug allegations, would not be included in his Cabinet.

"I assure you that when the list is announced, it will be excellent," he said.

But critics and Banhan's opponents are most likely to pounce on the Cabinet list in which Muanchon leader Chaloeam Yubamrung is Justice minister and Chat Thai MP Newin Chitchop is deputy Finance minister. Some critics have sarcastically described the line-up as Banhan's "Dream Team".

The list also will certainly cause a further internal rift among Chat Thai members, not all of whom are pleased by the Cabinet make-up.

Witthaya Thianthong (Chat Thai-Sa Kaeo), Chat Thai secretary-general Sno Thianthong's younger brother, yesterday called Banhan a dictator.

He said it was improper for Banhan to concurrently hold the post of Interior minister and give the Finance

portfolio to an outsider. He claimed that Sno was the most suitable person to be Interior minister.

Witthaya predicted that the Chat Thai-led administration would last no longer than six months if Banhan did not honor his promise to give up the Interior portfolio soon.

Sno was earlier tipped to become Interior minister. Instead, Banhan chose to oversee the ministry himself, after the powerful Thoet Thai faction in the party demanded the post.

Banhan has promised the portfolio to Narong, a key Thoet Thai member, once Narong clears himself of U.S. allegations to links to drug traffickers.

Sno is likely to become Public Health minister in a compromise move to tone down the Thoet Thai reaction.

Sources said Sno was yesterday very angry at Banhan. He was quoted as telling Banhan's aide that he would allow the seven party coalition government to run the country for two months.

"After that I will claim the Interior portfolio," Sno was quoted as saying.

The sources said Chaloeam was surprisingly named Justice minister, after a last-minute change to the Cabinet line-up. Banhan made the decision after failing to solve conflicts among Chat Thai members vying for the Justice portfolio, the sources said.

Banhan reportedly telephoned Chaloeam on Saturday night and informed him that he would name him Justice minister which was in the Chat Thai quota. The PM's Office ministerial portfolio would now be given to a Chat Thai member.

The sources said Cabinet Secretary General Witsanu Khrua-ngam met Banhan at the prime minister's residence, off Charansanitwong Road, yesterday afternoon and left at about 8 pm with the complete Cabinet list.

Witsanu is expected to submit the list to His Majesty the King for approval today.

The sources claimed that Banhan had told Chat Thai members who were not included in the Cabinet line-up that he would reshuffle the Cabinet to open the way for them within 18 months.

Banhan also promised to create four new ministries — Local Administration, Development (to be separated from the Interior Ministry), Communications (from the Transport and Communications Ministry), and Culture and Sports (from the Education Ministry and the PM's Office), according to the sources.

Witthaya said Banhan had dictatorially exercised his authority by concurrently taking the post of Interior minis-

ter and giving the Finance portfolio to an outsider. This deprived Chat Thai members of important portfolios.

"The government will not survive more than six months if Banhan fails to keep his promise, that he will temporarily hold the Interior portfolio for two or three months," he said.

He said it was not appropriate for Banhan to promise to name Sno Interior minister and later change his mind.

"He made us lose face. Refusing to give Sno the Interior portfolio could be seen as meaning there is something wrong with his qualifications," Witthaya said.

He claimed that Banhan made an appointment with Sno on Saturday, but he had met Narong before talking with Sno.

"I don't know what to say. This is not the way of a gentleman," he said.

Many northeastern MPs from the New Aspiration Party yesterday expressed their strong dissatisfaction and threatened to resign from the party, which would cost them their House seats. They said the Cabinet allocations were unfair to the faction.

Phunsawat Munlasatsathon (Surin), Chaloeamphon Sanitwongchai (Udon Thani), Witthaya Khan-asa (Ubon Ratchathani), Manop Charatdamrongrit, Sangthong Sithanet and Rawi Kingkhamwong gathered at the Princess Hotel yesterday to plan a last-ditch effort to change the party's Cabinet list.

"If the list is not changed, we can't stay with the party," Sangthong told reporters. He was elusive when asked if he was implying a mass defection.

Chaloeamphon said the party's list was "against the public feeling as well as feeling within the party" because many veterans were left out while many new faces were given Cabinet posts.

Phunsawat said although he was unlikely to resign, "I won't respect the party's rules any more".

Narong Hails NEWSDAY Report, Expects Post

BK1607140595 Bangkok THE SUNDAY NATION in English 16 Jul 95 pp A1, A3

[*"Heartened Narong demands Interior; Banhan to stand in until drug charges answered" — NATION headline*]

[*FBIS Transcribed Text*] Chat Thai chief adviser Narong Wongwan, buoyed by a US newspaper report that questioned his alleged connection with narcotics trafficking, said yesterday he will take the Interior portfolio as soon as he clears his name.

Prime Minister Banhan Sinlapa-acha yesterday appeared to have restored order within his divisive Chat Thai Party. He said he would finalize the list of nominees to Cabinet posts under the party's quota today.

"The full list of nominees for Cabinet posts will be ready tomorrow (today) and will be submitted to HM [His Majesty] the King for Royal appointment on Monday or Tuesday at the latest," Banhan told reporters after a two-hour meeting with secretary-general Sano Thianthong.

Banhan is expected to double as Interior minister for a few months, to allow Narong to disentangle himself from the drug allegation levelled against him by US authorities.

However, Banhan would not say who would get the portfolio eventually.

"I haven't decided who will be the Interior minister," he said.

The wrangle over the post of Interior minister between the powerful Thoet Thai faction, led by Narong, and Sano Thianthong seemed to have been put to rest after Sano agreed to take an unspecified position in the Cabinet.

Earlier, Sano was given an ultimatum by Banhan to either take the job of deputy prime minister or Commerce minister, or nothing at all. The secretary-general had until yesterday refused to consider any other post except the interior portfolio.

Sano, who earlier yesterday complained that Banhan had been keeping him in the dark about the formation of the Cabinet, is likely to become Public Health minister, according to highly-placed Chat Thai sources.

NEW YORK NEWSDAY, citing US intelligence sources, reported on Friday that the US government now believed the charges linking Narong to heroin trafficking were based on bad information.

It said the CIA concluded last year that the agent who supplied information about Narong had fabricated the statements. The CIA's inspector-general was investigating, NEWSDAY reported.

The CIA refused to discuss the case, the newspaper said.

The US State Department has declined to reveal what evidence it has linking Narong with drug trafficking. On Friday, department spokesman Nicholas Burns said he would stand by a statement last week that officials were "sure of our sources".

A US Embassy official in Bangkok said yesterday the embassy did not have anything to add to what the State Department said on Friday.

Narong, responding to the US newspaper report, said he was prepared to take the Interior portfolio after clearing himself of the drug charge. "As leader of the Thoet Thai group, I will take the post of interior minister immediately after clearing my name."

He said he made it a point not to take the Interior portfolio at this time to preclude possible damage to Thailand's credibility in the eyes of the international community.

Narong failed to win a parliamentary seat in the July 2 general election and had not demanded a Cabinet position until yesterday. He was prime minister-designate in 1992 but withdrew following the US accusations.

The Chat Thai chief adviser confirmed that Banhan would also take the Interior portfolio on temporary basis.

Sano later told reporters that he decided to join the Cabinet despite losing his bid for the Interior portfolio after he was given an adequate explanation by Banhan.

"I asked Khun Narong why I should not become the Interior minister when the Thoet Thai faction was not prepared for the job. And I was told by Khun Narong that there was an agreement between the party leader and the group," Sano said.

Sano said Banhan apologized for not telling him about the agreement he made with the Thoet Thai faction, which was promised the Interior portfolio even before the general election.

"Now I'm satisfied. That's all there is to it," Sano said.

The secretary-general said he decided not to take up the offer of deputy prime minister or Commerce minister because both jobs required someone fluent in English.

Chat Thai sources said Banhan is expected today to forward the 49 nominees for Cabinet posts to Secretary General to the Cabinet Wisanu Khruangam, who would make sure all of them met the qualifications set by the law.

Roengwit Lik (Chat Thai-Kamphaeng Phet) said yesterday he was translating the NEW YORK NEWSDAY article into Thai and it would be sent to all newspaper offices in Bangkok by tomorrow.

Chat Thai sources said they believed Narong would be able to clear himself within 30 days.

Sukhum Nuansakun of Ramkhamhaeng University's Faculty of Political Science said Prime Minister Banhan taking the Interior portfolio as well would create a bad impression in the eyes of the public regarding the government's stability.

"Failure to appoint an Interior minister is an indication that the internal strife within the Chat Thai Party is far from resolved," Sukhum said.

All other parties in the Chat Thai-led seven-party coalition government yesterday submitted their Cabinet nominees to Banhan.

Credibility of Pro-Narong Article Questioned

*BK1707023795 Bangkok BANGKOK POST
in English 17 Jul 95 p 1*

[FBIS Transcribed Text] The New York **NEWSDAY** which carried an article absolving Narong Wongwan of narcotics trafficking allegation went out of business yesterday.

"It is a lousy ending," said New York **NEWSDAY** publisher Steven L. Isenberg, talking with reporters barely 36 hours before Sunday's farewell edition.

The 10-year-old tabloid, which hemorrhaged more than US\$100 million before finally expiring, was shut down by a parent company that decided to tighten its belt.

The announcement came Friday at a staff meeting punctuated with hugs and tears.

The New York edition of the Long Island-based paper had never turned a profit and circulation was down at least 70,000 from its 1991 peak of about 300,000 — a figure aided by a strike against one of the city's two surviving tabloids, the **DAILY NEWS**.

A well-informed source in the Chat Thai Party told the **BANGKOK POST** yesterday that a well-known businessman who has close connections with several parties and some Washington lobbyists had arranged for the New York **NEWSDAY** reporters to write the article in defence of Narong, leader of the Thoet Thai faction.

The unidentified businessman the source claimed, is involved in the real estate business and is now working for Narong with the hope that the politician will pay him back for the favour.

The source also said the dissemination of the **NEWSDAY** article to some selected media in Bangkok appeared to be well orchestrated to create the most impact in a way which would boost the image of Mr Narong.

Apart from the **BANGKOK POST** which received a copy of the article, the mass-circulation **THAT RAT** newspaper and TV Channel 7 received the copy as well.

The source also expressed doubt about the credibility of the story.

PDP Leader Thaksin Voices Support for Narong

*BK1707033895 Bangkok BANGKOK POST
in English 17 Jul 95 p 7*

[FBIS Transcribed Text] Phalang Tham Party (PDP) leader Thaksin Chinnawat voiced his support yesterday for Narong Wongwan, saying the veteran politician could take a ministerial post once he is cleared of drug trafficking allegations.

Mr Thaksin made the comment after being asked whether the six-time MP from Phrae should become the new interior minister if it was later proven that he was innocent of the allegation.

The PDP leader said he saw nothing wrong with Mr Narong, a close associate of Mr Loet, Mr Thaksin's father, taking the post if he could prove the allegation was baseless.

Mr Thaksin had earlier objected to either Mr Narong or Chat Thai deputy leader Watthana Atsawahem joining the cabinet unless US drug allegations against them were cleared.

Nam Thai leader Amnuai Wirawan also voiced the same opinion, adding he saw nothing unusual about Chat Thai leader Banhan Sinlapa-acha having dual cabinet posts by taking the premier's post concurrently with that of the interior minister on a temporary basis.

Mr Narong told reporters in Chiang Mai that he has decided not to take a ministerial post in the Banhan-led government because he is aware that the political situation might turn explosive if he decides to take a cabinet post without the drug trafficking allegation being cleared up first.

He said he took the public interest into consideration before making a political decision not to accept a cabinet post.

"There is no doubt the government would be in great trouble if I took the post," said the politician who commands 35 MPs under the Thoet Thai faction.

"If I was a selfish person then I would take the post. But I am not," said Mr Narong who failed to get elected in the last general election.

The **NEW YORK NEWSDAY**, a US newspaper, has published a story claiming the Central Intelligence Agency inspector-general has launched an investigation into the reported shredding of copies of a 50-page internal report which concluded that neither the CIA nor the Drug Enforcement Administration had credible evidence implicating Mr Narong or several other Thai politicians in narcotics trafficking.

The paper claimed the US intelligence agencies now believe the allegations were based on false information from a Thai CIA agent who fabricated his information on Mr Narong.

Watthana Softens Demand for Cabinet Post

*BK1507090495 Bangkok BANGKOK POST
in English 15 Jul 95 p 3*

[FBIS Transcribed Text] Chat Thai deputy leader and MP [member of parliament] for Samut Prakan Watthana Atsawahem yesterday softened his demand for a top position, saying he would leave it to party leader and Prime Minister Banhan Sinlapa-acha to decide which position he would get.

He insisted he would no longer press for a Cabinet post as it seemed clear to all prospective coalition parties and the public that he had not been involved with drug trafficking as alleged by the United States.

He earlier met Mr Banhan for about an hour.

Mr Watthana said he had presented Mr Banhan with an open letter by Col Thanat Khoman, a former foreign minister and former Democrat Party leader, protesting against the US State Department for accusing people of narcotics offences without giving evidence.

Interviews with Narcotics Control Board secretary-general Gen Chawalit Yotmani and Police Chief Gen Phot Bunyachinda indicated that no Thai politicians were on their lists of those involved in drug trafficking.

Mr Watthana said Mr Banhan was satisfied with the evidence and told him to continue with his work for the party.

He had earlier insisted he be given a Cabinet post despite the US allegation.

He called on the US government to reveal evidence, if any which supported its accusation.

Chat Thai MP for Samut Prakan Man Phatthanothai confirmed Mr Watthana's talks with Mr Banhan, saying Mr Watthana told the party leader not to worry about the matter any longer.

Mr Banhan was extremely pleased with the spirit shown by Mr Watthana for the party's prosperity, Mr Man said.

Watthana Business Dealings Reviewed

*BK1707064795 Bangkok THE NATION in English
17 Jul 95 p A8*

[Report by the Political Desk]

[FBIS Transcribed Text] If Watthana Atsawahem is truly innocent of U.S. drug charges as he has staunchly insisted, the blame for his political misfortune can prob-

ably be attributed to his fast-lane business expansion methods.

Watthana Atsawahem has defended himself against a U.S. charge of having links with people involved in drug trafficking by saying the accusation stems from his business dealings with an alleged drug dealer presently awaiting trial in the United States.

Whether true or not, sources close to Watthana will only confirm one thing, that the Samut Prakan MP [member of parliament] is an "impulsive buyer" bent on creating a business empire in the north of Thailand.

The sources estimated his investments and assets total billions of baht.

"He's basically buying everything that stands in his way," one source said.

Watthana's major investments started in 1985 with a land development project in Chiang Saen's Golden Triangle area, the site he hoped to eventually build a casino on. Later his ambition expanded to cover property development, tourism, housing, hotels, shopping plazas, hospitals and petroleum businesses in four major northern investment sites.

A property development firm, MP Properties Co Ltd, the first in a number of businesses, was set up in the wake of the property boom between 1988-1990. The biggest integrated department stores chain — Ha Chiang Plaza — appeared in Chiang Mai, Chiang Rai, Chiang Tung, Chiang Rung and Chiang Khong as part of his investment, along with 10 condominium blocks scattered across Chiang Rai, as well as in Chiang Saen.

This was later followed by MP World Co Ltd, a travel firm in partnership with China, operating cargo ships and cruise liners between Chiang Saen and China's Jing Hong.

The project that comes under the closest scrutiny is a large petroleum storage plant MP Petroleum Co Ltd in Chiang Khong. Officials said Watthana never clearly stated if the petroleum is for exporting to China or imported from there.

Watthana's investment in Chiang Saen alone, estimated by many observers, is about Bt5 billion, despite his claims to the press that it is was around Bt2.5 billion.

Watthana's area of business kept expanding. He took over every land development project when he heard the owners were pulling out. This was true with the Golden Plaza project, which he bought from an alleged Hakka Chinese drug dealer, Sia Pian, whose wealth purportedly came from business deals with Khun Sa and the Wa

group before further investing his fortune in the Golden Plaza project.

The Golden Plaza was to be the biggest hotel and gems trading centre in Mae Sai.

Sia Pian, or Suphachai Tangkitphithakphon, is just one of several notorious figures linked in one way or another to Watthana's fast diversified businesses. Suphachai had always been closely watched by the U.S.'s Drug Enforcement Administration and Thailand's Office of Narcotics Control Board [ONCB]. The ONCB has reported that it has no evidence on which to apprehend Suphachai, while the DEA had records of several attempts to smuggle drugs into the U.S., with up to 100 kilogrammes at a time.

Suphachai later was apprehended in Hong Kong by the DEA in 1993 and is presently in New York awaiting trial.

It was when Suphachai was caught that Watthana took over his 40 rai Golden Plaza project which was then under construction to be the gem centre. There was no hotel on the site at the time. Towards the end of 1994, Watthana announced his continuation of the project he bought for Bt200 million. A hundred more rai was bought and the project's name was changed to Gemstone City.

The project comprises a shopping centre, a 5-star hotel, a resort, a nursing college, a hospital, shophouses and luxurious condominiums to focus on the Economic Quadrangle Development scheme, which takes in Thailand, Burma, Laos and South China.

The project is due to be completed by the end of 1997 and boasts a total budget of around Bt3 billion.

In Chiang Mai, the rundown Fa Thani Movie Theatre, which was owned by Sia Ruangwit or Ruangwit Lik, a veteran Chat Thai MP from Kamphaeng Phet, was taken over at the end of 1993 for Bt300 million.

The initial plan to convert it into a shopping centre was dropped because a giant mall was already in existence — Kat Suan Kaeo — nearby. Watthana has yet to come up with another project. A finance group in the area has now rented the land to use as a car park, with some of the area also used for selling marble.

Most recently, Watthana announced his co-investment with local investors from Phrae to develop the Phuan Fung teak house, owned by Seri Phuan Fung, a Phrae tycoon in Tambon Hua Fai, Sung Men District. This 114 rai area is to be turned into a 5-star hotel — the biggest in East Lanna — and an integrated service centre that includes a fun park and a local handicraft centre. The total budget for the project, due to be completed

within three years, was estimated at Bt1 billion, of which Watthana and Seri hold 40 per cent of the total shares.

Pollwatch, Candidates Discuss Vote Buying

Chiang Mai Candidate

95SE0153A *Bangkok SIAM RAT in Thai* 11 Jun 95
pp 1, 16

[FBIS Translated Excerpt] [Passage omitted] Mr Song-suk Phakkasem, the Democrat Party candidate for MP in voting district 2 of Chiang Mai Province, said of the vote buying in Chiang Mai Province that it was being done using the method of buying villages. The price was 100,000 to 200,000 baht per village. He had informed the police of this already. As for the pollwatch, he thought that it probably would not be able to help. [passage omitted]

Kamphaeng Phet Candidate

95SE0153B *Bangkok SIAM RAT in Thai* 16 Jun 95
p 12

[FBIS Translated Excerpt] [Passage omitted] At 1100 on 15 June Mr Sukit Supphakitcharoen, the Democrat Party candidate for voting district 2 in Kamphaeng Phet Province, complained to Police Colonel Rangsan Chamnanmo, the commander of the Kamphaeng Phet police. [passage omitted]

Mr Sukit said that the candidate from one party was buying votes for 500 baht per person while he was campaigning without buying votes and that he would be meeting with Mr Siwa Saengmani, the governor of Kampaeng Phet Province, soon to have him get in touch with all the candidates for MP about swearing an oath not to buy votes in the future. Mr Phaithun Charoenphanthuwong, the chairman of the pollwatch for Maha Sarakham Province, said of the vote buying in his area that in both voting districts people were writing down names from identification cards and making duplicate registries as well as paying money through the canvassers to the villages and making payments when people came to listen to speeches. In voting district 1 there was a new candidate who was paving the way for himself by making payments of 200 baht per person. The pollwatch was giving this candidate special scrutiny. In addition they had made preparations for an investigation and had collected a list of names of the canvassers. He thought that the results would be known soon. [passage omitted]

Pollwatch Spokesperson in South

95SE0153C Bangkok MATICHON in Thai 6 Jun 95
p 17

[FBIS Translated Excerpt] Mr Thewan Sisuwipha, the spokesperson for the pollwatch in the South, said of the atmosphere of the election in the South that it would be much fiercer than the last time partly because of the unjust reapportionment of the voting districts and news of the buying of members of parliament [MP] by some parties hoping to establish a government again in order to erase their losses. Therefore there would be at least 100 million baht spread over the South. This was especially true in Songkhla Province where it was being spread the most.

"We are scrutinizing the MP candidates according to the available data on their past vote buying activities. We now know that there is more than 500 million baht deposited in the branch of the Bank of Thailand in the South which will certainly be used to buy votes this time," Mr Thewan said. [passage omitted]

Sukhothai, Nakhon Sawan Prices

95SE0153D Bangkok SIAM RAT in Thai 13 Jun 95
p 10

[FBIS Translated Excerpt] [Passage omitted] Vote buying has begun to appear. A report from the municipal district of Sukhothai Province stated that in one subdistrict in the municipal district there had been bargaining over the price which the people would receive for their votes. The canvassers had agreed that whoever voted for them would receive 100 baht. Then the villagers learned that the canvassers received 500 baht from the candidates but paid them only 100 baht. Most recently there was competition between the candidates and the price had moved up to 700 baht. In addition one pickup truck has been provided for the canvassers, a new one.

In Nakhon Sawan Province, especially in voting district 3, there were reports of fierce competition inasmuch as none of the candidates was willing to be bested. It was estimated that each candidate would have to spend at least 30 million baht, and that at least 500 million baht would be spread around the election market this time.

In Sisaket Province a famous businessman stated that in every election in that province there was vote buying and that during elections it was impossible to get small change from a bank. One had to depend on the stores for change because the canvassers had gotten change to pay the villagers 50 baht apiece. But this time that price probably would not do because the demand was so great inasmuch as each competitor was equally intent on being elected. [passage omitted]

Songkhla Canvassers Get Gifts

95SE0153E Bangkok MATICHON in Thai 9 Jun 95
p 17

[FBIS Translated Excerpt] [Passage omitted] Mr Phichai Siso, the vice chairman of the pollwatch in Songkhla, said that the candidates from some parties were offering to buy identification cards for 1,000 baht apiece in the fresh market at Hat Yai.

A correspondent from Songkhla Province said that the various political parties were buying up a great many portable radios and telephones for their canvassers and that the company which acted as a representative and distributed this communications equipment in the provinces of the South had received a great many orders. [passage omitted]

There was a report that the pollwatch in Songkhla Province had been informed of the buying of the votes of members of subdistrict administrative organizations, who were also the leaders of the people in many areas. For example in voting district 2 of Khuanlang District they were offering to buy these votes for 100,000 baht a person.

'Unprecedented' Vote Buying

95SE0153F Bangkok MATICHON in Thai 12 Jun 95
p 17

[FBIS Translated Excerpt] [Passage omitted] Mr Phasakon Charunrat, the campaign manager for the Democrat Party in voting district 1 of Surat Thani Province, said that as a result of the campaign battles being fought by all the parties, it would appear that votes were being bought by some of the candidates who were beginning to use this tactic more and more aggressively.

"Now money is being poured in to buy votes in Surat Thani Province—50 million baht. This has never happened before—no one has been able to buy the people of the South. In any case it is unprecedented how much money is being used in this election. In a little while it will be seen whether money can buy the people of Surat Thani or not," Mr Phasakon said. [passage omitted]

Vietnam

Singapore Army Chief Leads 1st Official Visit

BK1607152095 Singapore THE STRAITS TIMES
in English 15 Jul 95 p 29

[FBIS Transcribed Text] Singapore's chief of Army, Brigadier General Han Eng Juan, is in Vietnam, leading

the first official Singapore Armed Forces [SAF] delegation to the country.

The visit started on Wednesday and BG [Brigadier General] Han called on the deputy defence minister and chief of General Staff, Peoples' Army of Vietnam, Senior Lieutenant General Dao Dinh Luyen, the same day.

On Thursday, he called on Vietnam's first deputy prime minister, Phan Van Khai, and defence minister, Senior General Doan Khue, in Hanoi.

The Singapore delegation also visited military facilities and defence industries in Hanoi and Ho Chi Minh City.

In March, the Vietnamese defence minister visited Singapore — the first visit by a Vietnamese defence minister, and it marked a milestone in bilateral defence ties between Vietnam and Singapore.

The eight-member SAF delegation's four-day visit, which ends today, is at the invitation of Senior Lt. Gen. Dao Dinh Luyen.

A Mindef [Ministry of Defense] statement said it provided an opportunity for senior officers to interact with one another and to promote better understanding.

AFP reported that Senior Lt. Gen. Dao Dinh Luyen welcomed the SAF delegation on Wednesday.

It quoted him as saying: "This visit of a Singaporean military delegation is proof of the enhancement of mutual understanding and peaceful cooperation between the two countries and their armies as well as between the countries in the region."

French Economic Presence, Performance Assessed

*BR1407134795 Paris LA TRIBUNE DESFOSSSES
in French 13 Jul p 6*

[Report by Dominique Mariette: "A Strong French Presence"]

[FBIS Translated Text] The Vietnamese market is promising, but difficult to access. Nonetheless, for several years now, the French presence there has become stronger. With investments worth more than 2.5 billion francs [Fr] and 62 projects under way, France ranks ninth in the league of foreign investors. French aid to Vietnam, which was at a level of Fr5 million in 1989, passed the Fr250 million mark in 1993 and rose to Fr425 million in 1994. Last year, French Economy Minister Edmond Alphandery announced the cancellation of Fr1.25 billion worth of debts and the rescheduling of a loan worth more than one billion.

Furthermore, administrative cooperation between the two countries has intensified down through the years.

The French are helping the State Planning Committee to set up project evaluation units and are also participating in the training of Vietnamese executives in the banking and insurance industry.

Since last year, the French Development Fund has been operating in Vietnam, while the National Insurance Company for Foreign Trade has guaranteed medium and long term trade credits. Although bilateral relations are growing, the situation is much more difficult for French companies. Admittedly, Total signed the largest contract in the country (worth Fr6.7 billion) to build a refinery, but the Vietnamese demanded that it be erected in a remote province and the project has made no progress since. Other major companies, such as Rhone-Poulenc and Roussel Uclaf have also established a foothold in Vietnam. The Castel group had a real success with its International Brasseries and Iceboxes, a joint venture set up with the Vietnamese. Meanwhile, the Credit Lyonnais, the Paris National Bank, and Indosuez have opened up agencies there.

However, administrative rigidity and the centralism of the Central Planning Committee are not making such start-up operations any easier. What is more, Vietnamese company law still presents uncertainties. Where joint ventures are concerned the Vietnamese Government reserves the right to repurchase foreign shareholdings after five years. According to some specialists the law governing foreign investments would gain by being made more flexible. Nonetheless, the agreement on the protection of French investments in Vietnam signed in 1992 entered into force in 1994. However, our companies are still faced with too many obstacles and difficulties.

Statistics on 1st Half Foreign Investment Viewed

*BK1707143595 Hanoi Voice of Vietnam Network
in Vietnamese 2300 GMT 14 Jul 95*

[Essay by Thanh Binh]

[FBIS Translated Text] In the first six months of this year, the State Commission for Cooperation and Investment issued 214 licenses to foreign investment projects in Vietnam with a total investment of \$5.128 billion, or equal to the sum for the whole of 1994. In the six months, actual capital mobilized reached \$1 billion including \$800 million brought in by foreign investors in the form of technical equipment, supplies, production materials, and so forth.

Altogether, we have licensed 1,370 foreign investment projects worth over \$15.6 billion. The implementation of these projects have created jobs for over 70,000 people, while 100,000 are involved in the construction

of joint ventures projects. There are also tens of thousands of people working in the services sector.

Projects licensed in the past six months are mainly in industrial production, agro-forestry-fishery, and infrastructure. Many large investments have been made by internationally well-known firms, for example, the Dong Nai Textile Plant by Samsung; car and motorcycle production and assembly by Suzuki, Honda, and Mercedes; the Nghi Son Cement Plant in northern Ha Tinh; glass production by the Dap Cau Glass Company; and so forth. These do not include oil and gas exploration and exploitation projects, and gas liquefaction plants and oil refineries.

Most projects licensed in previous years were in hotels and tourism, which were insignificant investments. There are more manufacturing projects this year, and higher sums of investments. Among licensed foreign investment projects, 670 are in industrial production which comprise \$5.635 billion or 63 percent of the total foreign investment nationwide.

In agro-forestry-fishery production, there are 50 projects with \$335 million invested in maize, fruit orchards, flowers, and in the high-technology cultivation of vegetables; coffee cultivation and processing; afforestation; and paper mills.

Investments have also increased rapidly in construction, transport, post and telegraph, infrastructure construction of processing zones, and technical services.

Foreign investments are also spread more evenly among localities. In the three major economic regions of the north, central, and the south, they constitute 84 percent of the total investments. There are also projects in the remote and backward mountain regions, with only provinces such as Tuyen Quang, Cao bang, Lai Chau, Kontum, Cuu Long not having received any.

Looking at the list of investors in Vietnam, Japan and the United States have invested the most in the past six months. In terms of total investment, Japan ranks third with \$1.443 billion, while the U.S. has risen to eighth with \$555 million. At present, many important American businessmen are in Vietnam looking for joint venture partners or opportunities. Some economists believe that the U.S. establishment of full diplomatic ties with SRV will encourage American businessmen to heighten their investment here soon, to compete with other countries and compensate for being latecomers.

Foreign partners also bring more advanced technology to Vietnam. However, in comparison to other countries, these technologies are only mid-level. Nevertheless, they are suitable for the levels of technology and skills of our workers.

Generally speaking, foreign investments enterprises have produced a considerable amount of fairly high quality goods. In 1994, our export turnover was over \$300 million. In the first half of this year, joint-venture manufacturing enterprises still scored high production figures despite some upheaval in the world and domestic economies. Most foreign partners abide by our state taxation and employment policies. However, there are still some foreigners in joint ventures, especially in light industry, which treat Vietnamese workers with impudence. Many enterprises keep their wages at the minimum level as required to by the state.

In addition, a number of problems in the issuance of investment licenses and project implementation in the past six months have to be dealt with. Many foreign investors here hold that our legal system is not yet uniform and complete. Investment law enforcement agencies still operate in a haphazard manner, resulting in very few projects obtaining the necessary licenses in due time. Among 214 projects licensed in the past six months, only four obtained their licenses within 30 days from the day of application, as has been determined recently in an administration reform program by the State Commission for Cooperation and Investment.

Also, sectors and localities have not prepared their respective plans of projects to mobilize foreign capital well. In the national perspective, sectors and localities lack close cooperation and coordination in seeking foreign capital, while foreign investors have to spend more time looking for partners.

The project assessment mechanism is still awkward as applicants have to go through many channels. At present, an investment license applicant needs to go through eight different sections at the provincial and city levels, and 12 sections for licenses at the central level. With so many intermediate steps, the process has been extremely annoying and time-consuming. Many licenses have been issued two or three years ago, but the sites have still not been cleared as some residents still have not moved out from their land and instead asked for higher compensation. An example is Hanoi's Hoang Gia Hotel project: though the license was obtained three years ago, the construction license has still not been issued because the site has not been cleared.

Our management cadres in participating in joint ventures have a low level of skills, a major obstacle to foreign investment. We will soon become a member of ASEAN, and will have to face tough competition against other countries in the region in attracting foreign capital. The reality of foreign investment in the past and projection on future capital mobilization show that we need to quickly improve our investment work and reform our

administrative procedures to attract more foreign investment, and therefore fulfill our party and state objective of socioeconomic development.

NTT Awarded Hanoi Telephone Network Contract

BR1707104895 Maidenhead TELEFACTS in English May 95 p 1

[Article by Sakina Dhilawala: "NTT Awarded Vietnamese Contract"]

[FBIS Transcribed Text] Vietnam Posts and Telecommunications (VNPT), the stateowned enterprise that operates Vietnam's national backbone network interconnecting 53 provincial operating companies, has awarded NTT International Corporation (NTTI) a contract to design, implement, and supervise the construction of a telephone network in Hanoi City. Under the contract, NTTI will provide switching and transmission equipment, outside plant design expertise, and construction supervision services in three areas in the eastern and northern parts of Hanoi. The three areas are Gia Lam, Soc Son, and Dong Anh. The project will see the addition of 25,000 subscriber lines scheduled for completion by mid-1996. NTT International is a subsidiary of NTT, one of Japan's domestic telephone service providers.

Development of Nuclear Power Plant Outlined

952E0079A Hanoi TAP CHI NANG LUONG in Vietnamese Mar 95 pp 9-12

[Article by Professor Cao Chi and Le Van Hong, M.A., of Vietnam Atomic Energy Institute: "Base for Development of Nuclear Power in Vietnam"]

[FBIS Translated Text] A. The Issue

In the world today there are 430 nuclear reactors in operation providing a total output of 337,000 megawatts. Nuclear power (NP) accounts for 16.7 percent of the total global power output. NP accounts for more than 21 percent in 18 countries in the world, especially in France (77.7 percent) and Belgium (58.9 percent).

According to the World Bank, in the 1990's, the need for electric power in the developing countries increased at the annual rate of 6.6 percent. Thus by the year 2010, the per capita power consumption in these countries will be only 1,200 kWh, compared to the present level of 6,700 kWh in the developed countries.

In order to satisfy the above-mentioned need, the developing countries must increase the use of conventional energy sources (hydroelectric and thermoelectric power) and at the same time develop NP. Solar energy, wind energy, and biomass cannot satisfy the power need on a large scale because they only play the role of providing power for villages and remote areas where the national

power grid does not exist. Experience indicates that nuclear fuel is totally capable of competing economically (with conventional power), ensuring safety, and satisfying the demand for global environmental protection, which is on the rise today.

For Vietnam, as well as for the countries that now begin their development, there is a close relationship, as seen in the elasticity coefficient, between the speed of energy growth and the rate of economic growth, which is calculated by the GDP. The higher the elasticity coefficient is, the greater the speed of electric power growth must be in order to maintain the same GDP growth.

In 1993, our electric power production increased by 10.5 percent; GDP, by 7.25 percent (1991-1993). In the 1995-2000 period, according to projection, the relationship between Vietnam's electric power growth and GDP growth will be:

Period	Power output increase	GDP increase	Elasticity coefficient
1995-2000	14.3%	9.85%	1.45
2001-2010	10.25%	10.44%	0.98

Vietnam's elasticity coefficient in the 2001-2010 period may be rather low compared to that of most Southeast Asian countries in the 1990's, which was over 1.2 in all cases except for 2.82 in the case of Indonesia.

According to our projection, by the year 2010, Vietnam's total power output will be 12,500 MW, with 8,000 MW being hydroelectricity and 4,500 MW coming from both gas and coal thermoelectric power plants.

A high proportion of hydroelectricity will create many difficulties in the transmission system. In Vietnam, the output of hydroelectric power plants varies greatly depending on the years when we have average amount of water and little water and on the rainy and dry seasons, which all affect the levels of water in reservoirs. Since we get in the dry seasons only 30-40 percent of the regular hydroelectric power output, we must have a lot of reserve output from other thermoelectric power sources. Therefore, the evaluation of hydroelectric power projects is accurate only when it also calculates the costs of these reserve power sources. Furthermore, the development of hydroelectric power usually involves the requisition of a lot of land and the displacement of tens of thousands of people. This is an issue that is both economic and social and cultural.

At present, the development of coal thermoelectric power is limited by the capabilities of the coal sector. The fact that extraction efficiency is poor, transportation costs are high, and technology is inadequate deprives the coal sector of its competing capacity, with decreasing domestic demand and limited exporting potential. We foresee that by the year 2010, Vietnam's coal output will reach the level of only 10-12 million tons/year, with 5-6 million tons/year being used for electric power production. If we want to continue to develop coal thermoelectric power, we will have to use imported coal. The development of coal electric power will have a great impact on the environment, a fact that makes it less attractive.

An attractive plan for the electric power sector has to do with combined gas turbines. Vietnam has a large gas deposit, which is about 100-150 billion cubic meters. The level of gas extracted in Vietnam in the 2010 period is expected to be 10 billion cubic meters per year. The share for electric power production will be 5-6 billion cubic meters/year, enough to ensure an output of 3,500 MW generating 20 billion kWh/year in 15-20 years. In order to achieve the above-mentioned projection, Vietnam needs to adopt a policy of using gas as a means to encourage foreign investment.

Ways To Approach the Issue

With the growth rate being 8 percent per year in the 2010-2015 period, the load will reach the level of 100 billion kWh by the year 2015. There may be many ways to solve the problem of Vietnam's energy supply-demand in the period following 2010-2015:

First approach: This is a decisive one as it totally relies on the result of the problem of positively maintaining an energy balance.

Hydroelectric power: The economic potential of Vietnam's hydroelectric power is assessed as 82 billion kWh/year. Because of the above-mentioned limits, Vietnam's ability to produce hydroelectric power should not exceed the annual level of 70 billion kWh.

Gas thermoelectric power: We can ensure a production of 20 billion kWh/year over a period of 15-20 years.

Coal thermoelectric power: On the basis of an ability to supply 5 million tons of coal per year, we will be able to ensure production of 10 billion kWh/year for many decades.

With the growth rate being 8 percent per year, we will boost production each year by 8 billion kWh, i.e., we will need to increase our power output each year by 1,200-1,500 MW. The sources of this yearly increase could be NP or thermoelectric power produced with

imported fuel. This way of approaching the issue has an important significance due to the fact that if we limit the import of energy, we must have NP by 2015 as the latest date.

Second approach: This approach has to do with solving the problem of energy supply-demand on the basis of an optimal development strategy. This way of approaching the issue is highly scientific and based on mathematical planning methods and requires modern tools. We may say that this is the approach of a market economy.

The IAEA's WASP Corporation is one of the companies that are seeking optimal development strategies now being widely applied in 60 countries in the world. It uses all sources that can be considered for development, such as hydroelectric power, thermoelectric power produced with (domestic and imported) coal and gas, and NP, while taking into consideration all characteristics of each kind. After setting the binding conditions as recommended by planners, the corporation will show the results with an optimal development strategy (minimal expenses) aimed at always satisfying the country's electric power need under these conditions.

The result obtained from using the services of WASP Corporation indicates that NP will become a part of Vietnam's electric power system when the power load attains the level of 50-60 billion kWh/year. The time for this happening will be around 2006-2010.

The optimal solution points to an earlier arrival of NP. Many hydroelectric and thermoelectric power plants will be put back following the consideration of many factors, such as invested capital, fuel prices, operating expenses, maintenance, unsuitable energy prices, environmental protection expenses, discount rate, and so on.

What we worry about in regard to this way of approaching the issue is, of course, the degree of uncertainty regarding the entry-end data, which in turn makes the exit-end results uncertain. Therefore, it is necessary to draft different development plans and to study the accuracy (the degree of certainty) of the results regarding many broad-range entry-end parameters.

Third approach: This approach totally relies on each country's strategic scheme. A nation is determined to achieve something on the basis of a certain set of information. This approach is broader and more total, and has an important significance.

This approach has been successfully used by many countries. For instance, the (former) Soviet Union and the United States, which both are rich in terms of energy resources, were pioneering the conquest of nuclear energy because they had wanted to be masters of the nuclear industry. Japan and South Korea have

strongly developed their nuclear power sector as they were determined to avoid being dependent on import of organic fuels.

For Vietnam:

1. The results of the first and second approaches are important factors eliciting a consideration of the third approach.
2. To successfully set up a NP program means to build the country's science-technology potential and to train a body of cadres having a good knowledge of science and technology and being skillful in management.
3. To build NP means to diversify the sources of electric power and to find an optimal mix of such sources, with the strengths of one source compensating for the weaknesses of another source.
4. To develop NP by going from thermonuclear reactors to breeder reactors means to solve the energy supply-demand problem in a basic manner for many centuries.
5. To develop NP means to ensure the country's long-lasting energy capability.

Therefore, with this approach, NP will make its entry sooner than we anticipate.

Ways To Resolve the Issue

So what activities we have to develop and how do we carry them out in order to bring the first NP plant into Vietnam?

Step 1: The first step is to study and to explore so as to assess the need for including NP in Vietnam's energy balance in the future. This step uses the first and second approaches to determine the necessity and commercial feasibility of NP in our long-term plan. The main task in this step has been carried out in the KC-09-17 Subject in the 1991-1994 period.

Step 2: This is the basic-study step. In this step, NP must be included in the overall energy planning aimed at affirming its true role in Vietnam's energy balance in many aspects, such as energy equilibrium, economic optimum, environmental protection, safety, fuel and waste management, and so on; at the same time, the challenges created by NP, such as the financial aspect, infrastructure, the problem of cadres, and so on, must be analyzed.

The task involved in this step must be fulfilled as an independent subject, with the participation of many organs, both domestic and foreign. The time to carry it out is three years (1995-1997). The results will be submitted to the government for consideration and decision making.

Step 3: This is the step that involves consideration and decision. On the basis of what has been submitted to it, the government will organize a debate by using our and foreign experts, seminars, and symposiums to further clarify the necessary aspects of the issue. Finally, within a long-term overall economic development strategy, the government will make the decision to go nuclear if it finds that it is necessary to do so. This step mainly uses the third approach. The time to carry it out is two to three years (1998-1999/2000).

Step 4: This is the pre-project step. Following a formal decision of the government, we will develop pre-project activities aimed at three major objectives — to draw up details, to study feasibility, and to survey a location. The pre-project step is to be completed in three years (2001-2003).

Step 5: This step involves carrying out the project. It consists of two phases. Phase one has to do with surveying the market, offering bidding, and formally signing contracts. The time to carry out phase one is three years (2004-2006). Phase two involves building, assembling and installing, starting, and bringing the power plant into commercial operation. The time to carry out phase two is about seven-nine years, which means that about 2013-2015 Vietnam will be able to operate its first NP plant.

In the years after 2015, Vietnam's electric power need will increase by 10 billion kWh and more each year, i.e., the additional power output needed for this increase will be 2,000 MW and more per year. Along with the conventional electric power sources, we must rely on NP to be prepared on an urgent and continuous manner to satisfy this need.

South Korea has been highly successful in its nuclear energy program. Its government has been giving top priority to the energy development issue, which includes nuclear energy. With the first order being made in 1969, after seven years (1971-1978) of construction, the first (power) plant unit was put into operation and at the same time other units were developed one by one in order to satisfy the need for reinforcing the sources in a continuous manner. At present, South Korea has nine nuclear power plant units in operation, with a total output of 7,676 MW and with this year's NP output being 58,14 billion kWh, or 40.4 percent (of its electric power production).

By comparing the basic characteristics of their economies, we find that Vietnam's situation in 1995 is similar to South Korea's in 1970, namely:

	GDP in billions of US\$	Per Capita GDP	GDP Growth %
South Korea, 1970	8.1	252	15.5
Vietnam 1995	22.31-22.47	297-300	10-15

Thus if South Korea built its first NP plant in 1971, Vietnam would be totally capable of building our first NP plant in the first years of the next century.

Conclusion

Implementing Resolution No 07-NQ/HNTW of the 7th Plenum of the CPV Central Committee on "Studying the Construction of Nuclear Power Plant in the Long-Term Plan," on 21 December 1994 the government issued Directive No 7216/KTTH to assign the Ministry of Science-Technology and Environment the task of cooperating with the Ministry of Energy and getting prepared for soliciting the opinion of the Political Bureau and the government on the use of nuclear energy in Vietnam, namely, the direction for development of nuclear energy in Vietnam and an actual plan for such development. The above-mentioned party resolution and government directive set forth for the Ministry of Science-Technology and Environment, Ministry of Energy, and other ministries and sectors concerned a substantial and heavy, but also very proud, task because right now we have begun thinking of the long-term future of the country and the lifestyle of the next generations.

In order to carry out a nuclear energy (NP) program in Vietnam, we must right now develop the necessary activities within a concise and tight plan. We must complete the work in all of the steps within the specified time frame. Other countries' experience indicates that not all countries will be successful in doing this. The degree of success of a country in carrying out its nuclear energy program greatly depends on the will power, determination, and efforts of this country.

Writers Group Laments Lack of Valuable Works

952E0077A Hanoi DAI DOAN KET in Vietnamese
31 Mar 95 p 4

[Article by Tran Bao Hung: "The Fifth Vietnam Writers Association Congress Feels Its Joy Is Far From Total"]

[FBIS Translated Text] From 11 to 14 March 1995, the Vietnam Writers Association held its 5th Congress plenary meetings at Ba Dinh Conference Hall in the presence of 469 members (out of a total of 551 members). Its oldest member was Pham Khac Hoe, 93,

from Hanoi; its youngest member, Truong Nam Huong, 32, from Ho Chi Minh City.

The congress evaluated the development of literature in the last 5 years, recommended the major directions for literature to follow in the last years of the 20th century, and elected a new executive committee. In the past 5 years, along with a total renovation taking place in the country, our literature also showed a thriving trend that we should be happy about. The works published had never been more numerous, richer, and more versatile than they were in recent years. Writing styles and creative characteristics of writers were respected and encouraged. Literary works came closer to the daily life and gained more depth as they described, discovered, and reflected various aspects of the broad common life of the nation, as well as of the destiny of individuals. Many sets of subjects and life realities that had been hidden and buried for so many years because of various reasons were also mentioned. Many valuable works were given awards and highly evaluated by the public.

However, from thousands of the published works that presented a rich and varied picture readers found that the really valuable ones still accounted for a very small percentage. Here and there we had works that excessively portrayed the negative, the bad, and the wicked and contained a distorted and pessimistic vision of the country's development. A few works still maintained a biased view of the nation's two great wars of resistance. Extreme and sometimes tragic fates of individuals were portrayed in an excessive manner in quite a few others. Here and there appeared new dogmatic and extremist trends. Theoretical and critical work appeared to have failed to keep up with the unusual blooming of creative works, nor did it succeed in explaining and setting directions for such works. Although such crucial issues as literature and politics, and literature and realities were repeatedly discussed, we failed to arrive at persuasive conclusions. The Writers Association got old too quickly — its below-40 members accounted for just 2.8 percent and its over-60 members, more or less than 50 percent.

Many papers presented at the congress and dealing with the state of theoretical and critical work regarding the literary works of ethnic groups and on children further contributed to a perspective view of our country's literature in the last 5 years. Many members offered their extremely heartfelt blood-and-flesh ideas as their contributions to the development of literature in general, and of Vietnam Writers Association in particular. But it was regrettable that there also were hateful ideas, prejudices, hints, and insults against individuals, which were not supposed to be heard at a congress of professional writers. The attitude of a few members who

were unable to stay calm and showed a lack of cultured background deprived the congress of an atmosphere of culture and enlightenment that it should have had.

The fact that the group of chairmen and organizers was confused and weak in its guiding the congress resulted in unnecessary prolonged discussions of personal matters and in forced omission of dealing with professional matters and the association's activities. The extremely important work of revising the association's statutes was almost left unfinished.

Although the old executive committee had done many good things, it did some of the things that members were not happy about. The new executive that was elected

consists of five writers: Nguyen Khoa Diem (secretary general), Huu Thinh (deputy secretary general), Ma Van Khang, Nguyen Tri Huan, and Lo Ngan Suu. Although they all enjoy a great deal of confidence, the fact that the size of the executive committee is too small will create many difficulties. The fact that the votes were divided too broadly, hence not enough votes were cast for as many as 15 committee members as it had been planned, proved that there were too few really prestigious writers. With debates being sometimes very heated, the Fifth Vietnam Writers Association Congress came to a smooth end but its joyful note was far from satisfying and total.

Australia

Editorial Views U.S.-Japanese Auto Dispute

BK1607145995 Sydney *THE AUSTRALIAN FINANCIAL REVIEW* in English 29 Jun 95 p 16

[Editorial: "Car Wars May Topple Dominoes"]

[FBIS Transcribed Text] The showdown between the United States and Japan over trade in cars and car parts has been building up for almost two years. Far from being simply about cars the fight concerns the whole future of US-Japanese trade and, equally important, the future of trade in the entire Asian region.

Given this, the worst thing that could happen now is for the two countries to come to some sort of compromise agreement which fails to resolve the fundamental issues which lie behind the dispute.

The most important of these is the way in which Japan has constantly dragged its feet over the issue of opening up its markets to full-scale competition from foreign exporters. Instead of doing this it has resorted to a whole array of artificial barriers which have made it extremely difficult for foreign companies to get more than a small foothold in Japan.

In the case of cars, it has used just about every trick in the protectionist book. Beside the more obvious ones, these have included restrictive dealership agreements which limit an importer's ability to get cars to the buying public. As well, there are complex safety and environmental regulations which restrict the availability of imported parts.

No doubt the US car makers could have done a lot more to overcome these barriers. Yet while they have shown little initiative in this area, the fact remains that the barriers exist — and they hurt all foreign car makers, not just the Americans.

More important, the barriers which protect the Japanese market from foreign cars are symptomatic of the whole Japanese approach to trade. While keen to export vigorously they are much less willing to accept that overseas manufacturers should have open access to its domestic market.

Nor is it just manufacturers. As Australians know only too well, attempts to sell rice to Japan are confronted by a complex network of restrictions. While the Japanese are happy enough to accept our minerals and coal, they are much less willing to open up their farm sector to genuine competition.

In the past Japan's unwillingness to open up its markets reflected the strong protectionist stance of the once all-powerful Liberal Democratic Party. Today, with Japan ruled by a weak coalition, it reflects a government

which has neither direction nor decisiveness — a fact painfully demonstrated by its inability to come up with a reform package which seriously addresses the country's growing economic problems.

This situation appears to have left Japan's Trade Minister, Mr Ryutaro Hashimoto, with a great deal of freedom to pursue his own agenda. Unfortunately, he has little to gain politically by agreeing to a compromise in the face of President Clinton's threat of sanctions against Japanese cars imported to the US.

By rebuffing the US Mr Hashimoto, a man who aspires to be Prime Minister, has been able to improve his standing in the polls. While President Clinton also has an eye firmly fixed on his political support, the push by the US is driven by much more than just domestic politics.

If the US achieves the breakthrough it wants, not only will its car manufacturers get greater access to Japan but there is a strong chance it will provide substantial impetus for a move towards a much more wide-ranging opening up of Japanese markets. This, in turn, would put pressure on other Asian countries, particularly China, to wean themselves off their dependence on protection.

By triggering this sort of domino effect in trade throughout Asia, the car fight between the US and Japan would deliver a major boost to free trade, in the process serving the long-term interests of Australia — a country which has done more than most to discard its protectionist security blanket in an effort to harness the efficiencies that can flow from increased competition.

Ideally, the remaining part of the century would not only see a much more emphatic move towards free trade in the Asian region but also in North America and Europe. Once again Australia stands to gain from such a change, especially one which involved the US and France abandoning their heavy subsidisation of agriculture.

Although the Uruguay Round and the resulting World Trade Organisation agreement produced some gains in these areas, there is still an extremely long way to go. In the meantime Australian farmers are among those who pay the price in the form of lost export sales.

From Australia's perspective, the gains to be made by advancing the free trade agenda mean that the most appropriate policy stance in the current car fight is one which supports the wider aims which lie behind the US push.

The risk is that the deal which is eventually done will be one which gives the US preferential treatment, at the

expense of other countries. If so, it will be yet another case of the fighting elephants trampling the grass.

Canberra Urges APEC Members on Trade Barriers

*BK1607152895 Sydney THE AUSTRALIAN
FINANCIAL REVIEW in English 28 Jun 95 p 12*

[Report by Michael Dwyer]

[FBIS Transcribed Text] Australia is urging APEC [Asia Pacific Economic Cooperation] members to adopt specific action plans for removing trade barriers from as early as 1996, while calling for a deferral of discussions on whether an open approach to trade liberalisation in the region should be adopted.

In a background paper released yesterday, Australia has called on APEC leaders to embrace the use of twin implementing mechanisms for trade liberalisation in the region: individual action plans alongside a program of collective action.

The background paper, which has been prepared by Australia in the lead-up to the next meeting of APEC leaders in Osaka in November, also calls for the creation of a mechanism to review these individual action plans in 1997.

The release of the background paper comes in the wake of signs of growing tension between the United States and Japan over the direction of APEC's ambitious free trade agenda.

Australia has also become involved in this heated debate, pushing for the removal of the principle of non-discrimination from the final communique to be adopted at Osaka.

The Australian background paper argues that APEC should adopt "a politically realistic approach (to trade liberalisation) that would be credible and effective".

The central thrust of the Australian strategy is the adopted of "concerted liberalisation" as the basis for progressing towards the free trade goals laid down by APEC leaders at Bogor last year.

The Federal Minister for Trade, Senator McMullan said yesterday the principle of "concerted liberalisation" was now beginning to develop broad support within the APEC community.

"What we have in APEC is a group of economies all starting from different positions but agreeing to head towards agreed and ultimately common goals," Senator McMullan said.

"It is the Australian Government's judgment that there is no will within APEC — but also no need — to proceed to these goals from each country's starting point in an identical way," he said.

The Australian background paper also outlined a number of specific "collective action" initiatives likely to be adopted at Osaka, including a pilot mutual recognition agreement for food products and a common customs action plan.

But Senator McMullan rejected the need for the Osaka meeting of APEC leaders to confront the issue of whether APEC should proceed with its trade liberalisation program on a non-discriminatory basis.

"Depending upon how we progress under the individual action plans, and the collective action proposals, we may never explicitly need to confront (the issue of non-discrimination) at all," he said.

"There has been broad acceptance among APEC members that any attempt to force a decision in 1995 on whether APEC, at some time in the future, should adopt a (non-discriminatory) or a preferential approach to liberalisation would be as pointless as it would be potentially divisive," the background paper said.

The release of the Australian background paper yesterday precedes a meeting of APEC senior officials in Sapporo next week.

PRC Trade Group Seeks Investment Opportunities

*BK1607153495 Melbourne Radio Australia
in English 1100 GMT 16 Jul 95*

[FBIS Transcribed Text] One of the most influential trade delegations from China to visit Australia has arrived for a two-week visit aimed at securing investment opportunities in a range of industries.

The delegation is headed by the assistant minister of foreign trade and economic cooperation, Zheng Zhinhua [as heard], and includes representatives of the biggest trade and investment houses linked to the ministry. They include the metals and minerals company, Minmetal, and the wool importer, Chinatex. As well as promoting investment in China, the delegation will be assessing opportunities for Chinese companies to invest in Australia's resources and agriculture sector.

By the end of last March, China had approved nearly 2,000 Australian direct investment projects with almost 2.5 billion [Australian] dollars.

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